





## Benn in hospital after gruelling daily schedule

By Richard Ford

Mr Wedgwood Benn was under the care of a consultant neurologist last night after being admitted to hospital for tests on a suspected viral infection.

Mr Benn, who is 56, had made an appointment at the outpatient clinic of Charing Cross Hospital, in Hammer Smith, west London, several days ago when he complained of pains in his legs. His admission came hours after he refused to accept Mr Michael Foot's challenge to fight him for the leadership of the Labour Party.

The tests are expected to be completed within 24 hours. The hospital said: "Depending on the tests, he might have to stay in hospital over the weekend."

Mr Benn, who is in a National Health Service bed in a single room, was visited by his wife Caroline, and son Billy, yesterday. His son said Mr Benn had been surprised when doctors decided to detain him for tests.

"He is well and cheerful. He is sitting up in bed doing a little light work and resting. I have brought him more than 250 letters which he needs to sign. I do not know what is wrong with him. He said that he had not been feeling well for several days."

He added that his father hoped to resume work as soon as possible. All Mr Benn's engagements have been cancelled for the time being.

He is not being allowed any visitors apart from his family. Mr Benn himself spoke from his hospital ward simply to say: "I have nothing to add to the statement made by my son on my behalf."

Neither his son, nor Mr Primarolo would speculate on

whether the illness could have been caused by the pressure of work.

In recent years Mr Benn, even while a Cabinet Minister, has been an indefatigable and tireless traveller throughout Britain, addressing hundreds of meetings of local Labour parties. He has also been a frequent traveller abroad.

Since the beginning of the trades union conference season in April, Mr Benn has had a gruelling schedule, addressing meetings in his campaign for the deputy leadership.

On May 16 he addressed a meeting at the Association of Scientific Technical and Managerial Staffs at Blackpool. The next day he was at Brighton addressing a meeting at the Union of Communications Workers conference. Three days later he spoke at a fringe meeting at the Fire Brigade's union conference at Bridlington, Humberside, rushing away to be back at the House of Commons that night in time to deliver a shadow Cabinet recommendation to abstain in the defence debate.

On May 21 he was at Bournemouth to address a meeting at the Amalgamated Union of Engineering Workers (AUEW) surgery and other casework.

Mr Benn was due at the Nottingham Area National Union of Miners annual picnic at Mansfield tomorrow.

## TGWU rejects Foot view on deputy's contest

By Paul Routledge, Labour Editor

Mr Michael Foot's political position was undermined yesterday by rank-and-file leaders of the country's largest union who rejected his view that Mr Wedgwood Benn should not stand for the Labour Party deputy leadership.

In an unpublished decision the general executive council of the Transport and General Workers' Union voted 4-1 to throw out a motion endorsing the view taken two months ago by the union's national officials that Mr Benn should withdraw from the leadership race.

The vote shows a bigger than expected split in the ranks of



Conference decisions are contradictory

## God who plays dice with Labour's universe

By Philip Webster, Political Staff

Conference decisions are not God, Mr James Callaghan, the former Prime Minister, said yesterday when supporting Mr Michael Foot's challenge to Mr Wedgwood Benn to fight him for the leadership of the Labour Party.

That may be Mr Callaghan's opinion, but there is no question that the emphasis placed on the deliberations of conference by Mr Benn and his supporters has amounted almost to deification of the institution.

Even yesterday Mr Michael Meacher, MP for Oldham, West, and one of Mr Benn's right-hand men in the Commons, was maintaining in a radio interview that the argument was not with Mr Foot but with the way the parliamentary leadership was implementing party policy.

The real argument, he implied, was with Mr Denis Healey, who was opposed to party policy on the issues of nuclear disarmament, withdrawal from the European Community and the economic alternative to Thatcherite monetarism.

In particular, it suggests that even if the union's conference in Brighton later this month does not take a view about which candidate to support in the forthcoming election, the Benn camp may yet pick up the critical votes of the largest affiliated union.

The final attitude of the union will not be known until shortly before the election for the deputy leadership race. The vote shows a bigger than expected split in the ranks of

the leadership of the transport workers, whose dominating 1.25 million block vote could swing the outcome of the party controversy.

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at the end of a debate, on economic policy?

One, put forward by Liverpool, Wavertree constituency Labour Party, declared that it comes policy had been a factor in past Labour general election defeats. It rejected incomes policy as a method of combating unemployment. The motion was well carried.

A few minutes later a motion put forward by the Union of Communication Workers came up for voting. That rejected the concept of "an incomes and prices free-for-all inherent in the nature of free collective bargaining and free price-fixing". That, too, was passed, by a smaller majority.

The formation of a counter-inflation strategy and the development of a relationship with the trade unions to help achieve it is recognized as the most important task facing the party at its next election. Those two contradictory conference motions settled nothing.

The fog was even thicker on defence policy. As an old CNDer, as Mr Foot described himself on Wednesday, he is anxious for the party to achieve a disarmament policy before the next election, which commands as wide agreement as possible.

As he acknowledged, the last conference passed important resolutions on the issue, although not all of them were necessarily compatible with one another. He can say that again. The conference in quick succession passed one resolution

calling on the next Labour government to reduce defence spending and proposing multi-lateral disarmament; another proposing a commitment in the Labour manifesto to unilateral disarmament; and a third opposing British participation in any defence policy based on the use or threatened use of nuclear weapons and calling for all nuclear bases on British soil to be closed.

Soon afterwards it rejected a recommendation to the party "to renounce Nato or any other grouping based on nuclear deterrence". It was quickly observed that the unilateralist motions were hardly compatible with membership of Nato.

Accordingly, the National Executive Committee and the Shadow Cabinet are engaged in attempts to bring an agreed policy. In a move to find an approach which commanded the unanimous support of the parliamentary party, the shadow Cabinet put down its amendment to the Government's defence White Paper a few weeks ago.

But, as Mr Foot bitterly remarked to the Shadow Cabinet, Mr Benn's tactics at the end of that debate destroyed any possibility of achieving the dual aim of keeping the party united and recommending or weakening policy.

Similarly, last year's conference cannot be said to have settled the question of how a Labour government would disengage Britain from the EEC. Although it was agreed that the means of doing so were left open and in voting against a

fresh referendum, it took a line different from that adopted by the TUC.

On Northern Ireland, another issue on which Mr Foot said Mr Benn was questioning his allegiance to party policy, Mr Benn has been ahead of conference policy.

Last year it rejected a motion calling for British withdrawal. It endorsed the executive's proposal to set up a study group to examine Labour's Irish policy.

Mr Benn, however, did not wait for the study group's conclusion's before declaring himself in favour of the withdrawal of British troops.

## Appeal for cash aid to 'deselect' MPs

Mr Arthur Palmer, Labour MP for Bristol, North-East, said yesterday that the party should give financial help to MPs who lost their seats through the new reselection procedure.

He raised what he described as "this moral dilemma" at a meeting of the Parliamentary party, saying that MPs like Mr John Sever, MP for Birmingham, Ladywood, who were "deselected", should be helped, possibly by the party's benevolent fund.

A present MPs receive a severance payment of between 6 and 12 months' salary, if they lose their seat in an election. Labour's parliamentary affairs group is considering whether to recommend that the severance payment be made at the end of service irrespective of reason.

## Commons sketch

## The price of beer takes a pounding again

From Hugh Noyes, Parliamentary Correspondent, Westminster

The casual observer of the political scene might have expected Labour MPs to arrive at the House of Commons yesterday in a mood of exuberance and with their cups of joy-brimming over. Had not their leader courageously abandoned the policy of turning the other cheek and entered the lists against the fire-breathing dragon from Bristol, South East?

Even better news, surely, was the way in which the pound was tumbling, something that Mr Peter Shore, the Opposition's chief spokesman on economic matters, said was giving the Chancellor of the Exchequer for many months past.

Admittedly, the tumbling pound had little to do with Sir Geoffrey Howe, but even so one might have expected a quick dragon slaying with that one of a more genuine nature.

Indeed, the manner in which Mr Michael Foot, as he rose to put his case, questioned the Prime Minister's claim from the Tory benches that the pound was "disappearing" itself.

As for the pound, and considering that its high exchange rate in Labour eyes has been behind almost every misery of the past few years, the pound's price of beer to the low standard of living it seemed a little odd that it took so long for anyone to raise the matter. The only mention came, towards the end of the speech, from the Chancellor when Mr Shore produced a convoluted argument about the respective virtues of intervention by the Bank of England or of leaving well alone to allow market forces to produce the correct rate.

Mr Michael Lawson, the Financial Secretary, remarked that Mr Shore's question was the most curious he had ever heard. For the first half he seemed to be arguing that the exchange rate should be held up while in the second half he appeared to want it to go down.

Mr Foot, meanwhile, decided to move on to safer ground. Would the Prime Minister assist by clearing up some apparent confusion, asked the Labour leader.

But it soon turned out that the confusion in Mr Foot's mind was over the budgetary contribution to the EEC and disclosures in *The Times* that there was disagreement between the Treasury and the Foreign Office.

Mr Thatcher had little difficulty in dealing with that one. As the First Lord of the Treasury and the main negotiator with Europe, he considered himself to be both departments and he was certainly not "disappearing" himself.

But, as often happens in the House of Commons, the exchange rate was the subject of a heated argument. Mr Lawson, Mr Foot had to do was to walk into any pub in Britain and he would find it absolutely choc-a-block with workers. Just like the Palace of Westminster.

Parliamentary report, page 6

## CLOSED SHOP REBEL FAILS

Miss Joanna Harris, aged 21, the closed shop rebel, failed yesterday to get back her job as a poultry inspector despite a vote by Nalgo members of Sandwell council to scrap the closed shop. Three other unions were to be consulted, the council decided.

## MAN HELD AFTER CHILD'S DEATH

A four-year-old girl died and a boy, aged two, was in a critical condition yesterday. Police found them injured on a parked car in the village of Moulton, near Abergella, Cwyd.

They were Anne Marie and Andrew Madonna of Colwyn Bay. Police said a man had been arrested and was being questioned.

## Felled trees are still 'preserved'

A farmer who felled an ancient woodland before preservation orders were served on him lost the right to get the trees back.

Mid Suffolk district planning committee decided to confirm the order in February. The decision was made on a Friday.

## Big arms haul in Belfast flats

From Tim Jones, Belfast

Security forces in Belfast yesterday discovered guns, bombs and big supplies of acid after they had torn down barricades surrounding a huge Catholic housing complex as thousands walk from the city centre.

The police said the search at Divis Flats had been mounted because the complex was the scene of considerable violence in recent weeks. As soon as the rain began women rushed on to the street to warn their neighbours by banging dustbin lids.

In the scuffles that followed nine people were arrested, one of them in connection with a firearms offence. More than 500 troops and police are estimated to have taken part in the search of the flats which are a stronghold of the Irish Nationalist Volunteer Army.

The immediate vicinity of the flats is one of the most dangerous areas in the whole of the province for the police and Army to patrol. They have been shot at on several occasions and on Wednesday afternoon they came under heavy attack from a mob armed with petrol bombs.

The Army and police moved in at 7.30am, led by heavy bulldozers which smashed their way through the remains of SS cars which were blocking access to the flats. Some of the corridors inside the flats were also barricaded.

After a five-hour search the Army had discovered a terrifying arsenal of weapons, for use in the streets.

The haul included a rifle with telescopic sights, a revolver and ammunition. They also discovered face masks, petrol bombs, acid bombs and 20 gallons of hydrochloric acid.

## Demand for radical change expected

The Labour Party study group on Northern Ireland, which is nearing the end of its deliberations, seems certain to make radical proposals for political change in the province (Christopher Thomas writes).

Mr Dennis Canncannon, opposition spokesman on Northern Ireland and a member of the group, said at the end of a three-day tour yesterday that there might be "a bit of shoving and nudging" of the big parties in Ulster.

Unemployed, schools and hospitals are closing and the general population is seeing standards going down. They are looking at where the taxpayers' money is going and they are certainly looking at the £1,000 (tax) comes over here," he said.

The study group's findings are likely to be the basis of a report to the next party conference. Mr Canncannon refused to predict the contents but said:

"There is a feeling that some resolution to this problem ought to be started very soon."

He added that there was an increasing demand by the rest of the people in the United Kingdom for political progress.

Mr Canncannon was severely critical of Mr Wedgwood Benn's statements on Northern Ireland. It was positively dangerous when people who did not understand the problem made outlandish statements.

## Republic election debate called off

The proposed debate between the leaders of the two main parties in the Irish Republic's general election, Mr Charles Haughey, of Fianna Fail, and Mr Liam Cosgrave, of Fine Gael, has been called off by the national radio and television network, RTE, because of what the station terms "irreconcilable differences between the parties" (Our Dublin Correspondent writes).

A part-time soldier is resigning his commission to fight the parliamentary seat in Fermanagh and South Tyrone left vacant by Robert Sands. Mr Kenneth Maginnis, a teacher and a major in the Ulster Defence Regiment, will contest the seat for the Official Unionist Party (the Press Association reports).

## Cabinet firm on 7% offer to Civil Service unions

By Our Political Staff

In the face of threats from some Civil Service leaders for the calling of an all-out indefinite stoppage in Government services, the Cabinet yesterday decided to stand firm by the "final" 7 per cent offer.

Last night the Government refused to give any indication of the line which Lord Soames, Lord President of the Council, who is responsible for the Civil Service, will take in the talks with union leaders in London today.

At first that was interpreted as an indication that the Government was likely to make an improved offer. But that interpretation was discounted later.

Lord Soames will put more emphasis today on the offer which the Government last made to negotiate a new system for assessing the level of Civil Service pay in future in relation to pay in the private sector. But it seems that he will not budge from the 7 per cent offer for this year.

Mr Barney Hayhoe, Minister of State for the Civil Service, told the Commons on Wednesday that the 6 per cent cash limit on Civil Service pay would not be breached, and the Cabinet agreed yesterday that the basis of the present offer should not be changed.

Mr Hayhoe said that the Government was likely to make an improved offer. But that interpretation was discounted later.

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## Jenkin acts over film on mental hospitals

By Lucy Hodges

Mr Patrick Jenkin, Secretary of State for Social Services, yesterday asked two area health authorities to investigate allegations made in an ATV documentary about shocking conditions in two hospitals for the mentally handicapped.

This announcement was made amid speculation that the programme, to be shown next Wednesday, might be changed or banned by the Independent Broadcasting Authority.

The authority met all day yesterday and discussed the film, *Silent Minority*, but made no decision. Members of the authority are expected to see the programme today. Representatives of the two area health bodies concerned declined to comment, but one, Berkshire, said it would decide today what to do after discussions with staff.

Mr George Young, Under-Secretary of State for Health, referred to the programme at the conference of the Institute of Health Service Administrators yesterday. He said the Department of Health and Social Security would have to see the film before considering whether to initiate an inquiry.

"The Government shares a deep concern that is widely felt about the sad and twilight lives some seriously handicapped people endure," he said. "The National Health Service has to give priority to the Cinderella services."

Mr Brian Rix, secretary-general of the National Society for Mentally Handicapped Children and Adults, said any attempt to ban the documentary would be fought tooth-and-nail.

"The British people will not tolerate a prison camp conditions in some of our long-stay hospitals for the mentally handicapped," he said. "A ban would be a squalid response to a film which was made with the full knowledge of the hospital authorities and was not a long-lens scoop."

The way in which the film was made, the broadcasting authority, a freelance producer, Mr Nigel Evans, went into Sir Lawrence's Hospital in Caterham, Surrey, and Borocton Hospital, near Reading, last year to make a fund-raising film for a charity of which he is chairman.

The shots of ward conditions, of a boy being tied to a post and of adults in bed with their faces in the process of making the film for the charity One to One. Staff were aware of the filming, although they had not known about all the scenes shot, Mr Richards-Cressy, a spokesman for the film, said.

Mr Richards-Cressy, a spokesman for the film, said: "The film was made on the basis of a report to the next party conference. Mr Canncannon refused to predict the contents but said:

"There is a feeling that some resolution to this problem ought to be started very soon."

He added that there was an increasing demand by the rest of the people in the United Kingdom for political progress.

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## Open prisons with more freedom proposed

By Peter Evans  
Home Affairs Correspondent

New-style urban prisons are proposed in an unpublished report by an internal Home Office working party. They would be the most open prisons yet.

Prisoners would be given more freedom to go to college and Church, take up sport and recreation and work outside in the town, so becoming more part of the local community, although a workshop would be needed inside a back-up because of job shortages.

The working party of senior prison department officials envisages a small prototype holding between 50 and 75 prisoners.

We envisage that up to 10 such prisons could exist eventually, but that would not be before the turn of the century," the party says.

The proposal is part of the most radical review of open prisons in Britain since they began experimentally in the 1930s. The report says existing open prisons are in rural areas whereas most of their inmates come from urban areas.

That means there are limitations on the sort of jobs and leisure pursuits available and the prisons are inaccessible for visits.

But the ideas the working party has for greater openness would also apply to existing open prisons. There should be a reduced emphasis on security and control, with greater freedom for prisoners to move out and in.

The report implies a revolution in thought with the employment of prisoners outside and employers encouraged to think of them as individuals rather than as a distinct group.

They should not be under escort, the report says. Any prison staff present should be regarded as the prison's representative on the site instead of as supervisors.

Where an inmate from an open prison needs to attend an outside medical appointment and is medically fit to go on his own, he should be allowed to do so, unescorted.

A changed emphasis on participation in outside sports would allow prisoners to join clubs as individuals in suitable cases, which would give more contact than is possible for teams.

Prisoners should be free, the report says, to use the church of their choice and to take part in whatever activities the church community is offering. They should be free to attend in civilian clothes and to mix with the congregation.

There should be no escorts when prisoners go to outside colleges or libraries. If a rural library service is limited and there are poor facilities for physical education, the prison gymnasium and library could be opened to the local community. Weekend schools at the prison, with inmates and local residents joining in, could be arranged.

Although the Prison Officers' Association is adamant there should be no further concessions on mail censorship, the working party would like to see less of it. The report advocates that all inmates of open prisons should be given access to a pay telephone.

At Kirkham open prison in Lancashire prisoners were allowed to use telephones as an experiment, but opposition to the scheme by prison officers effectively stopped it at the end of last year.

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## Dissent likely in 'Observer' report

By Don van der Vat

The Monopolies and Mergers Commission is expected to present its report on Lornho's bid for The Observer, Britain's oldest Sunday newspaper, to Mr John Biffen, the Secretary of State for Trade, next week, it was learnt last night.

After the delivery of the commission's report the Government will need at least two weeks to have it printed and decide on its response.

If, as seems likely, the commission is not unanimously in favour of Lornho, Mr Biffen's decision could be delayed and made conditional upon detailed safeguards for editorial independence; however, a sense of urgency is now apparent in commission circles.

The controversial bid for the newspaper, initiated by Lornho's chief executive, Mr Roland "Tiny" Rowland, was referred to the newspaper panel of the commission by Mr Biffen at the end of March, with instructions to report by the end of this month.

The eight-man panel, chaired by Sir Godfrey Le Quesne, the Director-General of the competition, is understood to have finished gathering evidence in the first half of this week with a final hearing of representations from sources connected with the newspaper opposed to the bid.

Much of the evidence has come from journalists on The Observer, testifying collectively and individually. Their main concerns have focused upon the newspaper's reputation, particularly in Africa, Lornho's business interests there; editorial guarantees; and Lornho's commitments to the paper's future in the form

of large and long-term investment.

Lornho and Mr Rowland made no secret of their opposition to a referral of the takeover to the commission, stating that the uncertainty caused by the delay would damage the confidence of advertisers and readers and the morals of the staff.

Everything was done to try within the law to make a referral unnecessary. The original deal was a personal one, concluded between Mr Rowland and Mr Robert Anderson, chairman of the American oil company Atlantic Richfield, the present owner of the paper, for a transfer of shares.

Lornho was to get all the newspaper's shares in exchange for a 40 per cent stake in George Osborn, the Glasgow newspaper publishing subsidiary of Lornho. Later the terms were changed to a 20 per cent slice of Outramps plus £300,000 in cash.

Then, just as Mr Biffen was insisting on a referral to the commission, Mr Rowland announced that he would personally acquire a 50 per cent holding in the Atlantic Richfield subsidiary controlling The Observer. When that too failed to ward off the commission's attention, Mr Rowland withdrew and Lornho once again became the bidder.

Lornho and Mr Rowland have gone out of their way to ally scepticism by offering guarantees on the paper's independence. The main printing union, convinced that Atlantic Richfield was determined to expropriate itself from The Observer, have shown a mainly benign attitude to a Lornho takeover.

Mr Phillip Eggington, of the Midlands Electricity Board, said that to ensure brightness and definition of picture there were 20,000 volts. Insulation in older sets could deteriorate over the years, leading to arcing.

Normally the reasons for arcing were moisture, an accumulation of dust or the breakdown of insulation from old age. He thought an insulation breakdown was the most likely cause of the fire.

Mr William Holland, Vision-hire's area manager, said the set was a Pye CT 73 colour hybrid, which meant it had a mixture of valves and transistors. It had been installed in Mrs Barton's home in November, 1971. Since then engineers had been called out 40 times, but that was not unusual.

Mr Gordon Sykes, who was paralysed from the waist down after an aircraft accident 17 years ago, hopes for backing of the produce the names of 100 former RAF and WRAF members who would benefit from rent-free holidays in purpose-built bungalows, probably in Tenerife, Cyprus or Florida. But lack of adequate records means he is less than half way to his target.

Mr Sykes, a BL executive who received the MBE for his work with the RAF Benevolent Fund, launched the scheme for the International Year of Disabled People. It is aimed at former RAF personnel or dependants with 100 per cent disability. He estimates that there are 4,000 in that category but since they are not separately listed in government records, he has been able to get in touch with only 39, through word of mouth.

Mr Sykes, of 4, The Motte, Abingdon, Oxfordshire, said yesterday: "It is a chicken and egg situation. I have great hopes of support, from several sources, but I have to prove the need first."

"There must be many people sitting at home thinking they are disabled, that they can never do anything again. Once you get them actually to do something, like coping with going away on holiday, they start working for themselves instead of sitting back and waiting for society to do everything for them."

The cost of bungalows designed for people with 100 per cent disability is estimated at £32,000 in Florida and £50,000 in the Canaries. Residents would be provided with nursing and an adapted car and would only pay the cost of food and return air fare.

Some support for the first explanation comes from findings that high as the admission rates were among the Irish living in South-East England, they are even higher in the Irish Republic itself.

About 75,000 people out of Scotland's population of just over two million are problem drinkers, according to Dr Douglas Bell, senior employment medical adviser of the Scottish Health and Safety Executive yesterday.

He was speaking at a press conference in Edinburgh to launch a paper offering guidance on joint management and trade union cooperation to assist such drinkers. "What we are encouraging employers to do is to look more critically at their staff, but with alcohol in mind," he said.

The hotels are the Glen-eagles and the North British and Caledonian, both in Edinburgh.

## Warning by coroner on old TV sets

From Arthur Osman  
Birmingham

People who have old television sets which might have suspect insulation, and who wanted to be completely safe, should consider replacing the sets, Dr Richard Whittington, the Birmingham coroner, said yesterday.

He recorded a verdict of accidental death on Mrs Flora Barton, a widow, aged 87, of Regent Road, Handsworth, Birmingham, who died last December when her nine-year-old grandson television set caught fire. She was asphyxiated by carbon monoxide poisoning.

Her son, Mr Herbert Barton, said that the colour set was on hire from Visionhire. It had been serviced after he had reported loss of picture and he returned from work later to find the set had imploded and his moth dead in a chair near by.

The inquest heard evidence from two service engineers from the hire company. One said that two days before Mrs Barton's death he had replaced a frame panel. Two days later when the set had failed again another engineer called and replaced the same panel and the line power which was in the high voltage input area.

The replacement parts were not new and had been taken from other sets and thoroughly tested.

Mr Phillip Eggington, of the Midlands Electricity Board, said that to ensure brightness and definition of picture there were 20,000 volts. Insulation in older sets could deteriorate over the years, leading to arcing.

Normally the reasons for arcing were moisture, an accumulation of dust or the breakdown of insulation from old age. He thought an insulation breakdown was the most likely cause of the fire.

Mr William Holland, Vision-hire's area manager, said the set was a Pye CT 73 colour hybrid, which meant it had a mixture of valves and transistors. It had been installed in Mrs Barton's home in November, 1971. Since then engineers had been called out 40 times, but that was not unusual.

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Cinderella touch: The glass coach in which Lady Diana Spencer will travel on the royal wedding day. Mr Richard Boland, the coachman, in the driving seat at the Royal Mews yesterday, dressed like the two footmen in full state livery.

## Royal progress in rain or shine

By a Staff Reporter

Buckingham Palace yesterday released details of the carriage procession which will take the Royal Family to and from St Paul's Cathedral for the wedding of the Prince of Wales to Lady Diana Spencer, on July 29.

But, aware of the unpredictable nature of the English climate, the Lord Chamberlain's office has drawn up alternative plans for covered carriages in case it rains.

If the weather is fine, Lady Diana, travelling with her father, Lord Spencer, in a glass coach pulled by a pair of bay horses, will be the last to arrive at the cathedral for the 11am service, accompanied by an escort of mounted police and military police.

The Prince, who will travel in the 1902 state position landau with Prince Andrew, the elder of his two supporters, will be escorted by members of the first and second divisions of the Sovereign's Escort. A second open carriage will carry his entourage.

The Queen, in an open semi-state position landau drawn by four grey horses, will be first to arrive, escorted by mounted police and the first, second and third divisions of the Escort.

She will be accompanied by the Duke of Edinburgh and surrounded by a standard party, an escort commander, a field officer of the Escort, the Silver Stick Adjutant and the Silver Stick in Waiting.

After the service, which will last about an hour, the bride and bridegroom will leave St Paul's in the open 1902 state landau drawn by four greys.

With them will be their bridesmaids and pages, travelling in Queen Alexandra's state coach and the glass coach.

The Queen will travel with Lord Spencer, while the Duke of Edinburgh will be in the second carriage with Mrs Shand Kydd, Lady Diana's mother. The rest of the procession will be made up as before, with the mounted police bringing up the rear.

If it rains, the Queen will travel to St Paul's in the Irish state coach, the Queen Mother in Queen Alexandra's state coach; the bridegroom in the Scottish state coach and the bride in the glass coach.

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## NHS under private pressure

By Nicholas Timmins

The private health sector is beginning to increase the difficulties of the National Health Service by attracting the simpler and more straightforward cases, leaving the NHS the more difficult and unpredictable acute work, a senior health service administrator said yesterday.

"This quickly results in marked differences for instance in pressures on nursing staff," Mr David Kenny, administrator of Kensington, Chelsea and Westminster Area Health Authority, said. His authority has the largest concentration of private hospital beds in Britain.

His area has a shortage of 600 nurses which is partly attributed to competition for nurses from private hospitals in central London.

In his presidential address to the Institute of Health Service Administrators annual conference in Norwich, Mr Kenny said there was evidence in some parts of London that "nursing staff already experience significant greater concentration of work in the NHS than in the private sector."

It was essential, he said, to have both simpler and more demanding cases on the wards to allow them to operate efficiently.

"There must be limits to what the acute service can reasonably withstand," he said. If pushed too far, it would not only create a two-tier acute system, it would also tie up resources in the acute side of the health service which needed to be released for other work, such as primary care, and care of the old, mentally ill and handicapped.

A sensible balance can be struck between the two sectors, but equally it may easily be lost.

Mr Kenny, who was speaking in a personal capacity, also expressed strong reservations at the Government's examination of insurance-based health systems.

orders were compared with those of the English population, taking account of age and sex. Admissions among the Irish for alcoholism and alcoholic psychosis, were 5.3 times the expected number. Schizophrenia was more than twice as common as expected in both men and women.

In contrast admission rates for alcoholism among immigrants from Germany, Italy, Poland and the new Commonwealth, were lower than for the English. When immigrants are found to have more mental illness than the local population three explanations are usually put forward.

Psychiatric illness may be more common in some nationalities than others; migration may be a stressful experience that increases the frequency of mental disorders; or people with mental disorders

may be more likely to leave their own country.

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## Holidays on offer to ex RAF staff

By David Nicholson-Lord

A former jet fighter pilot has appealed to disabled ex-colleagues to join a scheme to provide them with low-cost holidays abroad.

Mr Gordon Sykes, who was paralysed from the waist down after an aircraft accident 17 years ago, hopes for backing of the produce the names of 100 former RAF and WRAF members who would benefit from rent-free holidays in purpose-built bungalows, probably in Tenerife, Cyprus or Florida. But lack of adequate records means he is less than half way to his target.

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## SCOTS ISLANDS IN VAT PLEA

The Highlands and Islands Development Board has asked the Government to exempt the Scottish Islands from a value-added tax on petrol and diesel. Food prices in the islands were up to 20 per cent higher than in urban areas and consumer goods cost up to 30

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## Fabians' ballot sets record

By Ian Bradley

The Fabian Society has had a record response to its ballot on whether members of political parties other than the Labour Party should be eligible for full membership.

The ballot, which closes on Monday, has so far attracted between 2,500 and 3,000 replies from a membership of about 6,000.

Mr David Lipsey, the society's chairman, said that it was the biggest poll that the society had had in any election since the war.

The ballot asks whether members would favour a revision in the society's rule so that

## UNION OPPOSES HOTEL SALE

The Associated Society of Locomotive Engineers and Firemen pledged opposition yesterday to the Government's decision to invite outside investors to take a stake in three British Rail hotels in Scotland (Our Labour Staff writes).

The union, at a policy conference in London, authorized its executive to encourage trade union action at all levels to keep British Rail's profitable operations intact.

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From July 1st there will be only one airline operating a daily, one-stop service between London and Hong Kong - Cathay Pacific. And Cathay Pacific is the only airline that has over 380 flights a week between Hong Kong and all the major cities of Asia, and on to Australia.

So if you're flying east, the Cathay Pacific 747 departs daily at 11.00 a.m. for Hong Kong via Bahrain. You can depend on us.

All seats fully bookable through your Travel Agent, or phone us on 01-930 7878.

BAHRAIN-BANGKOK-BRunei-DUBAI-FUKUOKA-HONGKONG-INDONESIA-KOBE-KINABALU-KUALA LUMPUR-LONDON-MANILA-MELBOURNE-OSAKA-PENANG-PERTH-PORT Moresby-SEOUL-SHANGHAI-SINGAPORE-SYD



## British citizen's 12-year fight to leave Russia

By Peter Evans, Home Affairs Correspondent

Arthur Raffé, aged 57, a British citizen trapped in Moscow, wants to return to London which he left as a boy. But after a 12-year campaign he has been turned away twice from the British Embassy by Russian police, who confiscated his British passport.

Mr Raffé said that each time he was held for over two hours and questioned. Now Mr Michael Holmes, the British Consul, had got his passport back for him, but he is no nearer coming home.

Mr Nikolai Ouspensky, press attaché at the Soviet Embassy in London, said he had no knowledge of the case but confirmed that permission would have to be obtained from the local authority in Russia for a visit to Britain. But even if Mr Raffé were a Russian citizen, that alone would not preclude him from leaving.

Mr Raffé's story is less reassuring. He has been trying to come to Britain, first as a visitor, then to live, since 1968, after a period in Lubyanka prison and a labour camp and after finally convincing the British authorities he was who he said he was, they gave him his passport.

He was taken to Russia as a child by his mother to live with the man he thought was his father after her marriage broke up. He discovered the truth after the death of David Shkarovsky, the Russian Jew he

assumed was his father, in a Moscow air raid in 1941. American Jews living near by told him something of his background, and he began looking for his real father.

His first success came when he casually looked in a reference book in a library in 1942 and found there the name of W. C. Raffé, who turned out to be a well known artist of his time and an expert in the historical study of the dance.

But his contact with foreigners in search of his father got him into trouble. He was arrested in 1951 on a charge of spying, which was later changed to one of anti-Soviet agitation. He said: "I had told some foreigners I had been having a hard time in the war."

He was held in the Lubyanka for six to seven months, and then sent to a corrective labour camp at Kargopol, near Archangel. He was released in 1955, two years after Stalin's death.

After he got friends to look through London telephone books, his 20-year search for his father came to an end. But he found that he had died two years before.

The story he pieced together was as follows. He was born to W. C. Raffé and his wife (née Frances Solomon) on January 28, 1924, in Calcutta. His father, principal of the Lucknow College of Art, came back with

the family to England later that year, but his mother took the child with her to live with Mr Shkarovsky.

He went to Canonbury Road School, Islington, where he won violin scholarships from the Guildhall School of Music and London County Council. In the summer of 1935 he was taken at the age of 11 to the Soviet Union by his mother to join Mr Shkarovsky, who had preceded them there.

His mother died in Moscow in 1935 and his real father remarried.

Now a translator in Russia, Mr Raffé tells, in excellent English with traces of a London accent, how he is still, bedevilled by bureaucracy.

He has been trying to reject Russian citizenship and come to Britain ahead of his wife to set up home, but he needs a character reference from his place of work, signed by the party organizer, the trade union organizer, and the manager, with an official seal from the organization.

But they do not wish to give it to him, because he is a foreigner, not a full-time employee. He has appealed for help to President Brezhnev, the President of the Supreme Soviet, the Ministry of Home Affairs and the Ministry of Foreign Affairs.

A week ago, he says, the British Embassy sent yet another application on his behalf.

## X-ray test on Asian children is condemned

By Lucy Hodges

The practice of examining Asian children with X-rays to find out their ages before they come to Britain is condemned today as inaccurate and dangerous by Lord Avebury, the Liberal peer.

A 21-page study prepared by Mr Edward White, Lord Avebury's research assistant, of Yale University, and published today calls for a ban on the practice. It says the Yellowleeves report, commissioned by the Government into the medical testing of immigrants, skimped blindly over the issue.

The Yellowleeves report contains no limitations or safeguards recommendation which show either an understanding of any of the issues involved or a concern for the people the report affects, the study says.

The report by Sir Henry Yellowleeves was undertaken after protests about an Asian woman who had been subjected to a virginity test, and about bone X-ray examinations. Those X-rays are carried out only on Asian children when immigration officials are in doubt about their age.

The Yellowleeves report concluded that it was ethical to make X-ray examinations to estimate bone age and that it was a useful, fairly accurate and acceptably safe method. The study disputes that.

Its findings are endorsed by an ad-hoc committee drawn from the British Medical Association, the Joint Council for the Welfare of Immigrants, the United Kingdom Immigrants Advisory Service, the Trade Union Congress and regional health authorities.

The Avebury study says there is no safe level of radiation exposure and that bone X-ray examinations to determine age are inaccurate.

Bone X-ray tests measure skeletal age and are used by doctors to see whether children's bone growth is relatively advanced or retarded for their age. They are used to assess maturity, not children's chronological age.

A child with a bone age of 11 could have an actual age of between nine and 13. The report says the examinations on Asian children are being used to measure something for which they were not designed.

There is, therefore, a wide margin of error which is compounded by the fact that the standards used are those of the Western world.

## Rooms with a view



The vista from a five-bedroom tower penthouse flat at the Barbican Centre.

## £500,000 council flat goes on sale

By Baron Phillips

Britain's most expensive council flats go on sale this weekend. No other sale of council-owned property is likely to attract so much attention and interest among the well-to-do professional classes.

The sale is of flats in tower blocks rising above the City of London only a brick walk from the Bank of England and the nation's financial heart. The blocks form part of the Barbican Centre developed by the City of London Corporation during the 1960s.

For a mere £500,000 a spacious five-bedroom penthouse flat with panoramic views of London can be purchased. Or if that price tag is likely to make your bank manager's heart miss a beat or two then more modest three-bedroom flats are available for between £80,500 to £140,000.

It seems the inevitable has finally come to be. After the 1980 Housing Act the City of London Corporation has been pushed into allowing sitting or secured tenants to buy their homes. But these 100 expensive council flats are vacant and also cost the buyer almost £150 a week simply to carry on living there in rates and service charges. Even in the more modest three-bedroom flats in Cromwell Tower, near by, which sell for £80,000, will cost an additional £60 a week to maintain.

## Lothian council to lose £53m grant

From Ronald Faux, Edinburgh

Cuts in the rate support grant of more than £53m for seven Scottish local authorities were announced yesterday by Mr George Younger, Secretary of State for Scotland. The Lothian Regional Council was warned that it would face a grant reduction of £3m because of "excessive and unreasonable" spending plans.

Six district councils affected by the Government's tough measures to curb local government spending are Renfrew (£3.8m cut), Dundee (£2.75m), East Lothian (£1.35m), Stirling (£1.25m), Dumfries (£750,000) and Dumfries and Galloway (£450,000).

The miscellaneous provisions Bill for Scottish local government will shortly receive royal assent and will oblige the local authorities warned by the Secretary of State to make a formal reply. After that a report will be laid before Parliament, seeking approval to cut the rate support grant.

The severity of the action in Lothian region was greater than had been expected and Labour politicians on the council were yesterday regarding the warning as a long way from being a final demand by the Government.

Mrs Phyllis Herriot, leader of the Labour group on the council, said she was extremely angry at the scale of the cuts, which could cause the loss of thousands of jobs and the decimation of local government services. Trade unions would be among those consulted in deciding what action to take.

Under the Bill the Secretary of State will have power to reduce the rate support grant if he is satisfied that an authority planned to incur an excessive and unreasonable level of expenditure. The letters issued yesterday gave the councils a last chance to revise their budgets before Mr Younger sought parliamentary approval to impose cuts.

The rate support grant covers more than 60 per cent of the spending by the local authorities in Scotland.

Mr Younger made it clear in his letter that the announcement was only a preliminary view. It did not exclude the possibility that reductions would be proposed for other authorities as well.

The Convention of Scottish Local Authorities is opposed to the Government's policy on local authority spending. It points out that in real terms spending in Scotland has been reduced from £2,600m in 1975 to 1976 to a present level of just over £2,000m.

In the same period central government had increased its spending and had a much worse record at meeting budgetary targets.

The guidelines used by the Government for local authority spending had turned into mandatory levels arrived at without negotiation.

Mr Ronald Young, of Strathclyde Regional Council, yesterday described the powers in the Bill as thoroughly dangerous to the whole notion of local government. He was moving in to tell individual local authorities what they should be spending, and effectively taking over the decision-making in local government.

He said that all but six of the 65 Scottish authorities were over the guidelines.

The newly elected Labour administration of one of the country's most marginal county councils, delivered a shock to its ratepayers (four Bristol Correspondent writes). Mr William Graves, head of Avon County Council, announced a supplementary rate that will add £20 to the average bills of local ratepayers.

Speaking at his administration's first press conference since coming to power, Mr Graves said that it had no alternative but to levy the additional rate to carry out its election promises and comply with government cuts.

With only £1m in hand it had to impose a supplementary rate of between 5p and 10p to raise the £10m needed to run the council.

## No return for Czech dissident

By John Withers

Dr Julius Tomin, the Oxford philosopher, has been deprived of his Czechoslovak citizenship because of comments he made about Poland last year.

The Czechoslovak embassy told Dr Tomin last week that he and his wife, a former member of the Charter 77 human rights group, could not return to the country because of statements they had made to the BBC and The Times, saying that the strikes in Poland would "put pride" into Czechoslovak workers.

The couple and their two children had been granted a five-year exit visa last August for Dr Tomin to lecture in ancient Greek philosophy at Balliol College, Charter 77 sources said at the time that it was likely their citizenship would be revoked after about

a year, as has occurred with other dissidents.

Dr Tomin, aged 42, left Czechoslovakia after police harassment had forced him to abandon unofficial seminars, known as the "Patočka university", in which he invited foreign academics to lecture at private flats in Prague. Three Oxford dons, including Dr Anthony Kenny, the Master of Balliol College, and Dr William Newton-Smith, a senior tutor, have been expelled from Czechoslovakia for delivering papers at the seminars.

Dr Tomin has appealed against the removal of citizenship.

In a document released to the Times Higher Education Supplement, he denied that he was an enemy of the Czechoslovak regime and said he still considered himself a citizen of

the country and planned one day to return.

"It is my duty to return. I make no conditions and I know returning to Prague will never be returning to paradise. But Oxford has invested so much priceless learning in me and there are hardly any Greek reading scholars in Czechoslovakia. I must share this learning."

Before leaving Czechoslovakia Dr Tomin signed a statement saying that he would not engage in anti-Czechoslovak or anti-socialist activities while abroad, but added a proviso that he could only harm the country's interest by not being or thinking freely.

He has since been careful not to make inflammatory statements and was particularly circumspect in his comments published in The Times last year.

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## FILM PRODUCER ON CAR DEATH CHARGE

Ricardo di Tommaso, aged 39, film producer, of Mulberry Trees, Shepperton, was yesterday accused at Feltham of causing the death by reckless driving of Mr Donald Ranger, aged 49, managing director of the Heron Motor Corporation, of The Avenue, Sunbury, Middlesex, in January. Mr di Tommaso was given unconditional bail.

## Stansted not necessary, airline says

By a Staff Reporter

Building a fifth terminal at Heathrow Airport, instead of greatly expanding Stansted, in Essex, would make better sense commercially and environmentally and would save the taxpayer more than £500m, British Airways said yesterday.

Releasing details of the case it will argue at the Stansted public inquiry this September, the airline said that developing

Stansted as London's third airport would cost almost three times as much as a fifth terminal, £680m, at 1979 prices, compared with £224m.

Fragmentation of its operations at a third centre would reduce efficiency, increase overheads, involve buying 40 extra aircraft and probably cost the airline an extra £150-200m a year, leading to higher fares.

The airline forecasts that the recession will mean that 10,000,000 fewer air passengers will be passing through London than the 70,200,000 predicted by the British Airports Authority.

The result of expanding Stansted would be a duplication of services involving smaller, noisier aircraft, rather than a concentration of larger, quieter ones at Heathrow.

## INQUIRY ON WEIR DROWNINGS

A council announced yesterday that it is to investigate safety measures at the weir near Newark, Nottinghamshire, in which two people drowned in a cabin accident on Wednesday.

Councillor Michael Cowan, leader of Newark district council, said that a public inquiry six years ago recommended placing a chain across the weir to prevent soldiers who had been swept to their deaths, but the chain was never erected.

Mr Cowan said: "We shall certainly be asking the appropriate authority about the safety measures at the weir. The council will also be suggesting additional safeguards."

The British Waterways Board in London said that an internal inquiry had been ordered, and that a police report was awaited.

The two people who drowned on Wednesday were Mrs Christine Sloan, aged 34, and Mr Keith Hood, aged 37, from Ashford, Kent.

Mrs Sloan's two children, Anita, aged 12, and Simon, aged 13, were rescued and taken to hospital, where Simon is in a critical condition.

## IN BRIEF

### New organ donor card launched

A new plastic organ donor card was launched yesterday by the Department of Health and Social Security. Twelve million will be distributed through chemists, shops, doctors and the Royal National Institute for the Blind.

The cards specify which organs the carrier offers for transplant after death, replacing a number of cardboard cards.

### Inter-city flights

Dan-Air are to operate a new service between Newcastle upon Tyne and Aberdeen on Saturdays and Sundays from this weekend. Fares start from £22. Another service will operate between Newcastle and Jersey every Sunday with fares from £33.

### Murder charge

Anthony Frank Pattison, aged 27, a warehouse manager, of St Mary's Mount, Wyke, Bradford, was remanded in custody for a week when he appeared before Bradford magistrates yesterday, accused of murdering Anne-Marie Hamilton, aged five, also of Wyke.

### Crossbow boy order

A boy of 15 from Crumhorn, Berkshire, who caused an Exeter hotel to be evacuated after threatening a porter with a crossbow, was placed under supervision for three years by magistrates at a juvenile court in Bracknell, Berkshire, yesterday.

### Mayor snubs Maxwell

Mr Henry Nimmo, Oxford's Labour Mayor, has declined an invitation to a reception given by Mr Robert Maxwell, the publisher, tomorrow. He refuses to cross a picket line of journalists who are on strike at Mr Maxwell's Pergamon Press.

### Post office raid

Raiders dragged Mr Ayub Ali Shah from his home and forced him to surrender to hand over about £20,000 from his post office at Dagenham, Essex, early yesterday. One of the gang stayed behind and guarded Mr Shah's sleeping wife and children.

### Soldier feared dead

A rifleman in the Royal Green Jackets was feared drowned yesterday after getting into difficulties while swimming. Two friends were unable to pull him from the lake at Llyn Cwrorthin, Blaenau.

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## Safety net to absorb the lean years

By Peter Hennessy

British defence reviews, like wars to end wars, have a depressing habit of being overtaken by events within a short time. Since 1945 there have been five substantial attempts to achieve stability in defence spending by scaling down aspirations to match the capacity of the economy to pay for them.

What does Mr John Nott, Secretary of State for Defence, need to do to succeed where Sir Edmund Harwood failed in 1949, Mr Duncan (now Lord) Sandys in 1957, Mr Denis Healey in his twin reviews of 1964-65 and 1967-68, and Mr Roy Mason in 1974-75 following down the same path?

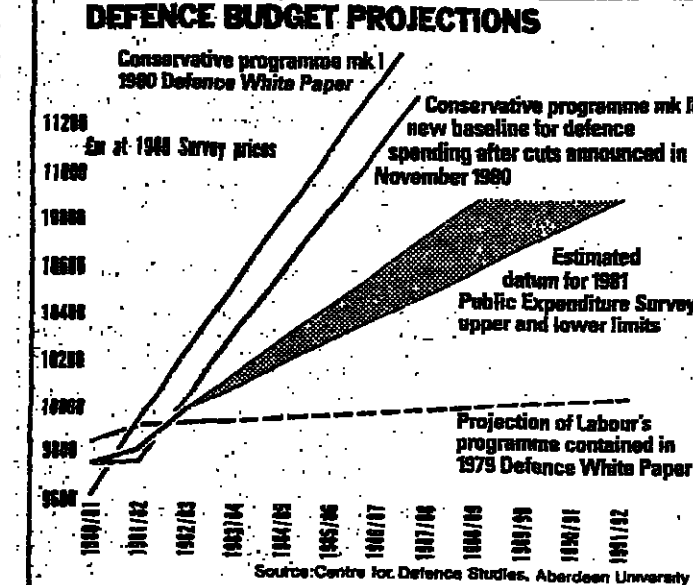
That question is preoccupying the Ministry of Defence as it sits in the department's floors, paper to be presented to the Cabinet's Overseas and Defence Committee on Monday.

The answer, according to Mr David Greenwood, Director of the Centre for Defence Studies at Aberdeen University, is to build in a safety net sufficiently flexible to absorb a run of lean years in defence spending without destroying the logic of whatever new balance the Cabinet decides to impose on the country's defence effort.

Using figures published in The Times on May 22, which suggested that the final outcome of the sixth defence review since the Second World War was likely to be a £6,000m cut spread over 15 years (with the bulk of it falling in the first 10 years), Mr Greenwood has prepared a graph showing the envelope into which the Nott package will probably fall, despite as a shaded space in the illustration.

Its upper limit postulates a relatively benign Chancellor of the Exchequer allowing an annual growth in the defence budget of about 1 per cent over the coming decade. The lower line traces an expenditure path of just under one per cent growth a year.

Using figures that Mr Green-



wood emphasises can only be rough and ready, should the Cabinet approve economies corresponding to the upper line, the cuts should rise from about £50m next year to an average annual saving of about £350m in the second half of the 1990s. Should a deeper bite corresponding to the lower limit, the cuts would rise to £450m a year by the mid-1980s, reaching £700m annually in the later 1980s and beyond.

The closer the final shape of the defence review accords with the lower limit, the less likely will be repeat performance in a few years time or the need for a spending moratorium, such as that imposed last year.

What does Mr Greenwood expect Mr Nott's review to produce? For all the minister's assurances that it is not a straight choice between a continental or a maritime strategy he says that is what it is about.

Clearly the Trident deterrent will survive. It will be the air defence of the United Kingdom. Some capacity will remain for keeping the western approaches

open in the event of a protracted land war in Europe. Royal Navy task forces hunting Soviet missile-carrying submarines north of the Greenland-Iceland-Faroes gap will be a casualty of the review, Mr Greenwood believes.

On the horizon Mr Greenwood detects two difficulties of increasing magnitude. First, a shortage of manpower in the late 1980s arising from a drop in the pool of potential recruits, because of the falling birthrate in the 1960s.

Second, the increasing cost to Britain in terms of foreign exchange of the British Army of the Rhine could, he believes, inspire "some doctrinal movement" in British thinking about the ways of fighting a future land war in Europe. Mr Greenwood said: "We are like distressed gentlefolk in reduced circumstances living in a big house with a Daimler. But we can keep up appearances like this no longer and should be prepared to adopt a more becoming life-style."

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## PARLIAMENT June 4 1981

## Substantial signs of rising productivity

Continuing progress in the reduction of unit labour costs, achievement of reasonable pay settlements was still the most effective contribution that could be made towards the expansion of investment and output, Sir Geoffrey Howe, Chancellor of the Exchequer, said at a question time in the Commons.

Mr. Kenneth Woolmer (Bath and North Devon, Lab) asked when the Chancellor expected capital investment in the United Kingdom to start rising again.

Sir Geoffrey Howe replied that the latest intentions inquiry by the Department of Industry into the investment behaviour of manufacturing and service industries points to a recovery in the volume of investment next year. There are substantial signs of rising productivity throughout British industry.

Mr. Woolmer: Has he seen the official publication *British News*, which shows that his Government inherited a record level of manufacturing investment from the Labour Government?

Sir Geoffrey Howe: It is not a distorted picture of what is happening. It is true that there has been a reduction in investment this year and last year, but there is likely to be a reversal of that and an increase in the following year.

It is also important to take into account when looking at surveys of business opinion that since the end of last year there has been an upward movement in business confidence, as expressed in surveys in *The Financial Times* as well as by the CBI.

Mr. Richard Wainwright (Colne Valley, L): When will his change of mind on the financing of capital investment by British Telecom be followed by a change of mind on the British Rail privatisation?

Sir Geoffrey Howe: There is no question of any change of mind. The announcement by the Secretary of State for Industry in relation to British Telecom investment was an announcement for a planned increase in relation to profitable

## TREASURY

investment within existing programmes. The reality is that nationalized industry investment is still running at broadly the same level as in 1975. Over the next three years it is going to rise from £4,500m to £5,250m.

Mr. Robert Cook, an Opposition spokesman on Treasury affairs (Edinburgh Central, Lab): How does the Chancellor's answer to the CBI survey with the conclusion of the earlier survey that over half the firms surveyed will be investing less next year than last year?

Sir Geoffrey Howe: It is not a distorted picture of what is happening. It is true that there has been a reduction in investment this year and last year, but there is likely to be a reversal of that and an increase in the following year.

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## HOUSE OF LORDS

## Nothing sinister about sale of railway hotels

## TRANSPORT BILL

There was nothing sinister in the fact that the Government had announced consent to the sale of British Rail hotels to the private sector company the day before the Transport Bill started its committee stage in the Lords, Lord Belwin said.

There were existing powers to dispose of these hotels under the Transport Act 1962, but this was not exercised for the reasons of principle in mind and in practice had been used in a limited way.

Lord Belwin was replying to Lord Mischon, who said that the sale of three subsidiaries of British Rail just before the Lords started in the committee stage. Mr. Norman Fowler, the Secretary of State for Transport, had stated that British Rail already had these powers, but if this was correct, why bring forward the Transport Bill giving British Railways Board power to provide for the disposal of any part of its subsidiaries?

Where in the Conservative Party manifesto at the last election was there any reference to the disposal of British Rail subsidiaries? The relevant clause in the Bill neither named any particular subsidiary nor limited the sale to the railways.

There had been no previous reference to the sale of subsidiaries in the statute book to enable the sale of subsidiaries to take place before this Bill had even passed through Parliament. No subsidiary had been sold before the Transport Bill was introduced.

It was treating the Lords with disdain that they should learn of the sale of subsidiaries from the press. The Government had been proposing in committee today.

Lord Belwin said the Government had been proceeding in a very proper way with the sale of subsidiaries. They were clear about the goal at which they were aiming, namely to put this business into the private sector where their future would be determined not by external pressures and restraints, but by their own commercial interests.

On the announced sale of hotels, although earlier powers seemed to be sufficient in the Transport Act, 1962, it was not the intention of the present purpose in mind. Rather than relying on such a power, it seemed right to give the Government the power to take the lead and put forward proposals.

The powers were there and there had been precedents. It would not be right with matters of this kind which had commercial implications that they should be subject to the timing of the bringing forward of a Bill today when powers already existed.

It was for the board to decide on the scope and use of existing powers. It had decided on the sale of Gleneagles and other hotels and this was a matter for them. The consent of the Secretary of State was not required.

Mr. Norman Fowler, Secretary of State for Transport, announced details of the methods to be used to establish the new company to operate the Gleneagles Hotel, Perthshire and Caledonian Hotels in Edinburgh.

He said in a written reply: The method of creating the new company, on which the main advisers to the Government are the British Board of Railways, involves the British Board of Railways, which will remain a one-third state in the new company.

British Transport Hotels will receive £5.75m in shares and an additional £4.5m in shares and an additional £4.5m in shares.

Had the Board decided to sell the three hotels outright, they have been professionally advised that the total market price might have been £12.75m. The discount arises because the sales is not outright.

I do not recognize the figure of £4m quoted as the discount on the price of the hotels. The discount arises because the sales is not outright.

Lord Mischon (Lab) intervened to say he did not have a copy of *Hansard*, but *The Times* Parliamentary report quoted Mr. Fowler as saying in the Commons: "A shareholders of this kind requires my consent and on the material available to me, I am ready to consent to such an acquisition."

That runs completely contrary to what Lord Belwin said just now

the change course (he said), embarking immediately on a massive programme of house, building, roads, railways, etc., to bring confidence to the market.

Mr. Thatcher: Mr. Cunliffe is asking for substantial programmes of increased capital expenditure. But unless it is financed from reduced current expenditure, it would be increasing the tax on average spending and taxation.

People are naturally complaining about that. It would also increase the burden of interest rates, and if there is increased capital expenditure, we have to have reduced current expenditure, otherwise it will have a bad effect on industry.

Households are much better off. There was no prospect of reducing the tax burden, and the simple fact is that the burden of taxation is now being paid by households.

Sir Geoffrey Howe: The facts are clear. During the time when national production has not been growing, the burden of taxation has increased, and there is no mystery about that.

That fact has to be viewed in the context of the real personal income which has otherwise risen. Putting those two things alongside one another, then for the greater bulk of households, the burden of taxation is substantially higher than it was in 1979.

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It was pure preaching and exhortation which was acceptable in a public but absurd in an Act of Parliament.

This was not a racist Bill so there was no need to introduce this provision and the Government should have left well alone.

Mr. Ray Batesley, Opposition spokesman on the Bill (Birmingham, Sparkbrook, Lab), said that while the Bill would be a disproportionate force on the economy, it was not the Government's intention that it should operate in that way. It had never been his intention to introduce the Bill.

What the Bill ought to do was to allow the fees of the racial minority to be reduced in some small measure achieved that desirable objective.

Mr. Timothy Radford, Minister of State (Aylesbury, C), said he could not recommend the acceptance of the amendment because it would remove a provision which was a necessary part of the Bill.

He said that the Bill was not intended to be a racist Bill, but it was necessary to ensure that the Bill was not a racist Bill.

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Howe: Incomes up

Mr. Poplar, Lab): What are the facts about the increased burden of taxation? Is it, or is it not, the case that it has increased for the great mass of people at work?

Mr. Geoffrey Howe: The facts are clear. During the time when national production has not been growing, the burden of taxation has increased, and there is no mystery about that.

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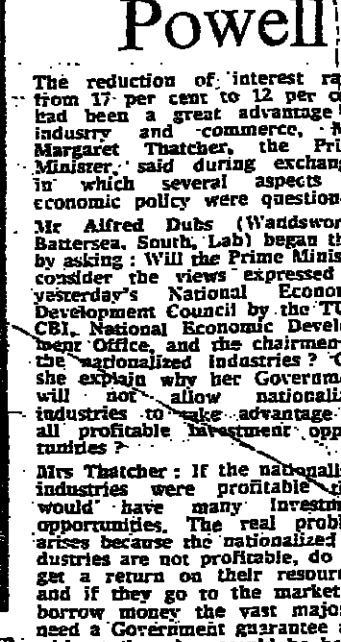
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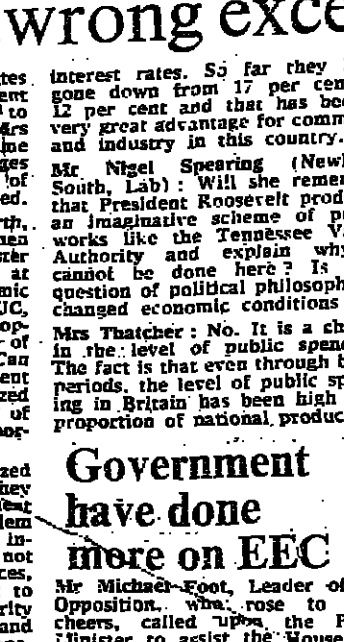
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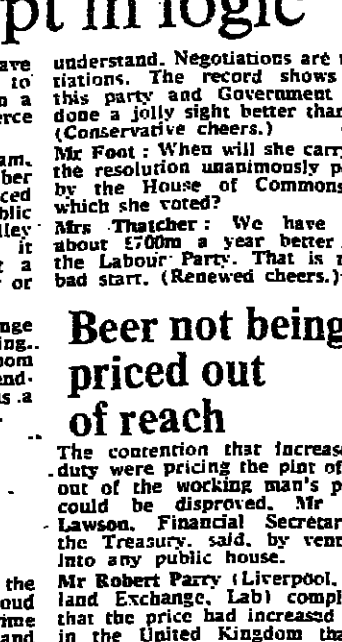
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What the Bill ought to do was to allow the fees of the racial minority to be reduced in some small measure achieved that desirable objective.

Mr. Timothy Radford, Minister of State (Aylesbury, C), said he could not recommend the acceptance of the amendment because it would remove a provision which was a necessary part of the Bill.

He said that the Bill was not intended to be a racist Bill, but it was necessary to ensure that the Bill was not a racist Bill.

Mr. Edward Lyons (Bradford, West, SDP) moved an amendment to ensure that there would be a right of appeal for the refusal of applications for citizenship.

He said that this would mean that the Bill would be a racist Bill, but it was necessary to ensure that the Bill was not a racist Bill.

Mr. Ivor Stambrook (Aylesbury, Oryington, C) said he rejected the amendment because it would remove a provision which was a necessary part of the Bill.



## Polish church plea against Bydgoszcz strike call

From Dossa Trevisan, Warsaw, June 4

Poland's Roman Catholic Church today continued to play a moderating role begun by the late Cardinal Wyszyński by opposing the strike call by the Bydgoszcz branch of Solidarity.

The local union is threatening to strike in protest against the authorities' failure to honour the March agreement to punish the policemen who beat up eight Solidarity members in the city.

Solidarity's national executive committee, which is meeting in Bydgoszcz today, was addressed by Mgr. Jan Michalski, the Bishop of Gniezno, who had been sent by the Polish Episcopate to attend the meeting in protest against the authorities' failure to honour the March agreement to punish the policemen who beat up eight Solidarity members in the city.

He recalled that the Pope had ordered 30 days of national mourning for Cardinal Wyszyński which should be devoted to peaceful work.

The local Solidarity branch was threatening to call a strike for June 11 if the Government failed to identify the men responsible for the violence against its members.

Yesterday, Mr. Mieczyslaw, the Deputy Prime Minister, met Mgr. Dabrowski, the secretary of the Polish Bishops' Conference and a communiqué issued afterwards stated that he told the Polish bishops of "dangerous new tensions" which were being provoked by "certain forces" which the statement deliberately omitted to identify.

The Bydgoszcz police violence had brought the country to the verge of a general strike. It was settled after church mediation that the local union branch has been waiting ever since for the authorities to present their report of their investigations.

The union has several times urged the authorities to speed up the investigation and more recently, contacted the vice-president of the Polish Parliament calling on him to make

inquiries in the Ministry of Justice.

But, Mr. Jerzy Bafia, the Minister of Justice, claimed that it was unable to identify those who were actually responsible for the Bydgoszcz violence. The local union leaders have also invited Mr. Stanislaw Mach, a Deputy Prime Minister, as well as Mr. Bogislaw Wojanowski, Poland's Attorney General, but according to Solidarity, they failed to show up.

Another dispute which the church is also trying to settle with the authorities concerns the release of the remaining political prisoners and in particular, the release of four members of the Confederation of Independent Poland.

Meanwhile, another incident is said to have occurred in Rybnik in which a monument in a Soviet Army cemetery was damaged.

This is the fourth incident of its kind reported in the past few weeks. The Polish Government has denounced strongly these acts of hostility towards Soviet soldiers in Poland.

## Big protest at US Navy base in Japan

Yokosuka, June 4.—More than 7,000 demonstrators shouting anti-American slogans and waving peace signs marched tonight to protest against the arrival of the American aircraft carrier Midway.

More than 3,000 riot police, armed with shields and fighting staves and backed by armoured buses and water cannon, guarded the base together with United States Marines and sailors.

The Midway is due to dock tomorrow at 9 am and more demonstrations are expected then.

Police said that there were no serious incidents during today's march.

As the anti-Midway rally went on, local officials continued last-minute efforts to have the 64,000-ton ship, returning from patrol in the Indian Ocean, dock at another port.

The carrier has been based at Yokosuka, in Tokyo Bay, for eight years but is now suspected by many Japanese of carrying nuclear weapons in violation of Japan's stand against harbouring such arms.

The suspicions arose after former United States Government officials said American ships had been carrying nuclear weapons to Japanese ports for the past 21 years.

The Midway carries three types of aircraft capable of dropping nuclear bombs.

Mr. Kazuji Nagasu, Governor of the prefecture in which Yokosuka is situated, has sent telegrams to the Japanese and United States Governments asking for the Midway to go elsewhere.

Reports from the Japanese Government, urged by Washington to increase defence spending, today decided to set the ceiling on the increase in the 1982 defence budget over the current fiscal year at 7.5 per cent, Government sources said.

Increases in other fields of expenditure will be limited to less than 2 per cent under the Finance Ministry's belt-tightening policy.



## Pope sees shooting victim

Mrs. Anne Odre, who was wounded during the attack on the Pope three weeks ago, meeting him yesterday in his Vatican apartment.

The Pope was discharged from hospital on Wednesday.

Both of them were obviously very moved.

Mrs. Odre's doctor, Dr. Federico Meneghini, who was also present, said: "The Pope told her that she had suffered for him."

They spoke mostly in Polish.

Mrs. Odre, who is from Buffalo, New York State, was driven to the Vatican, and taken by wheelchair to the Pope's quarters. She was accompanied by her two children and a nurse.

The Pope and Mrs. Odre, family are from Wadowice, Poland.

At the end of the audience, the Pope gave Mrs. Odre and her daughter two rosaries.

The Pope had earlier had a festive first night at home.

His doctors agreed with him that his recovery would be quicker in his own apartment, but the problem remains of stopping him from working before he is well enough.

On Sunday, which is Pentecost, about 400 prelates from around the world are expected to attend ceremonies in St. Peter's and St. Mary Major, marking the first Council of Constantinople and the 1,550th anniversary of the Council of Ephesus.

The Pope is expected to listen to radio broadcasts of the ceremonies.

During the morning the Pope met Cardinal Agostino Casaroli, the Vatican Secretary of State, and Cardinal Frantisek Tomasek, the Archbishop of Prague, who had flown to Rome from Warsaw, where he attended the funeral of Cardinal Wyszyński, the Primate of Poland.

But there are a number of other issues of great importance to the Socialists, on which plainly they could not bring the Communists to see eye to eye.

These are the Camp David agreements in the Middle East, Soviet intervention in Afghanistan, Poland, and the stationing of Soviet SS20 medium-range missiles in Eastern Europe.

In their eagerness to climb on to the Socialist bandwagon

## French left concludes cooperation pact

From Charles Hargrove, Paris, June 4

Cooperation between the French Socialist and Communist parties in the forthcoming general election and its aftermath were agreed today after only three days of negotiation.

The agreement reached amounts to more than a purely electoral arrangement but falls short of the "political accord" and even more of the policy agreement which the Communists had hoped for.

It leaves unsettled the key issue of Communist participation in a reshuffled Socialist Government. That decision will rest solely with President Mitterrand, and will probably be taken in the light of the Communist performance in the election.

The two parties agreed to withdraw the runner-up in favour of the candidate leading the poll for the left after the first round on June 14 before the decisive vote on June 21. But they have gone beyond this. The text of the agreement refers to a "coherent and lasting majority determined to co-operate in every way in the application of the new policy chosen by French men and women in electing François Mitterrand to the presidency."

The text also refers to a number of policy issues on which the two parties converged. These are mainly concerned with social policy, such as both immediate and long-term measures against unemployment and the gradual introduction of a 35-hour week, and a fifth week of paid holidays. They also include the adoption of proportional representation, the election of regional assemblies by universal suffrage, decentralization and disarmament.

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before the election, the Communists have been only too ready to gloss over these and other differences. But the Socialists have such bitter memories of their treatment at the hands of their erstwhile allies after the breakdown in the autumn of 1977 of the Union of the Left, that they now insist on an unambiguous formulation before committing themselves to anything in the future.

The Socialists therefore plan to publish a memorandum setting out the remaining points of difference between the two parties, including the scope and rhythm of nationalisation, for use as a basis for the discussion which will take place after the election on the appointment of Communist ministers.

An analysis of the polling in the first ballot of the presidential election on April 26, when the Communists lost one million voters, shows that in 43 of the 86 constituencies held by them, Mitterrand came ahead of M. Georges Marchais, the Communist Secretary-General.

In any case, they are not committing themselves in advance to any electoral pacts where a prominent Communist candidate is in serious difficulty. Today's agreement provides for an examination of these cases between the two parties.

A projection on the basis of a poll carried out by the Louis Harris France Institute for this week's issue of the news magazine L'Express shows that the Socialists might even win 248 seats in the new Assembly, or two more than the absolute majority.

The poll gives the left as a whole 54 per cent of voting intentions including 32 for the Socialists, 17 for the Communists, 17 for the Communists.

The dilemma for the Socialists is whether it is preferable to have Communists in the Government, and compel them to assume their share of responsibility, or to keep them out and avoid a blow to confidence in business and financial circles.

## Senate row over Reagan nominee

From David Cross, Washington, June 4

Mr. Ernest Lefever, the conservative academic who has become President Reagan's most controversial nominee to a senior post in the United States Government, today faced further cross-examination about his views on human rights.

Mr. Lefever, who is the President's choice for the senior human rights post in the State Department, was recalled unexpectedly earlier this week to be questioned by the Senate Foreign Relations Committee, most of whose members are believed to oppose his nomination.

In a closed session Mr. Lefever was seeking to explain the relationship between a Washington lobbying group he runs and the Senate committee. He has been accused of a possible conflict of interest, particularly since the Reagan administration voted against an international code to regulate the marketing of breastmilk substitutes (Nestlé is a manufacturer) in poor countries.

Democratic members of the committee were also expected to question Mr. Lefever about his views on race relations. Two of his brothers said he supported a theory that blacks were genetically inferior to whites. Mr. Lefever has already denied this.

The controversy with his swirling carotid Mr. Lefever since the first Congressional hearing last month has led Senator Howard Baker, the Republican leader of the Senate, to tell the Administration that final approval of the nomination will probably be a long tough fight.

It will be a difficult struggle, but I believe it's 'winnable', Senator Baker said.

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## Warsaw's verbal battle divides neighbours

By Our Foreign Staff

During this week's intensification of the war of words between Warsaw and Moscow, Poland's neighbours have been divided into two camps—the strident and the silent.

Czechoslovakia, East Germany and Bulgaria, whose assertion that "the activity of anti-socialist forces is increasing in Poland" was given wide circulation in the Soviet Union yesterday, have all taken a firm position in support of Moscow.

Poland's other neighbours have stayed out of the conflict, with the exception of Hungary where a government official said his party's main interest was to see that Poland found a political answer.

But he added that there could be "no status quo in Europe without the existence of a socialist Poland."

In East Germany the official newspaper *Neues Deutschland* attacked "counter-revolutionary forces" in Poland in an article reprinted by all other East German newspapers and by *Pravda*.

Referring to foreign secret services' alleged involvement in Poland, a dispatch detailed Warsaw by ADN, the East German news agency, said: "At a press conference at the Polish Ministry of the Interior attention was drawn to documents of Western espionage centres making it clear that Poland has never been so important for them as now."

Vasil Bilak, a member of the Czechoslovak Presidium, as saying that "counter-revolutionary forces could boast only of having brought Poland in 10 months and with the aid of Solidarity to the brink of economic catastrophe and plunged it into deep political insecurity."

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## Stage hand guilty of opera killing

From Michael Leapman, New York, June 4

Mr. Craig Crimmins, a former stage hand at the Metropolitan Opera House in New York's Lincoln Centre, was found guilty here today of murdering Mrs. Helen Mentik, a violinist in the Opera House last July.

After deliberating for more than a day, the jury found him guilty of "felony murder" but not guilty of intentional murder.

Felony murder is a murder committed during or after the commission of another crime, in this case attempted rape. The maximum penalty is a prison term of 25 years to life.

Mrs. Mentik died after being kicked from the roof of the Opera House down an air shaft during an interval in a performance by the Berlin Ballet. The prosecution said that Mr. Crimmins had ripped her clothes from her, gagged her and tried to rape her.

During the trial, which received detailed publicity here, the prosecution based their case on a videotaped statement in which Mr. Crimmins admitted the crime. The defence said that he was simple-minded and had been coerced into making the statement by the police.

In reaching their verdict the jury seem to have concluded that Mr. Crimmins did not originally intend to kill.

Mr. Crimmins, 31, was found guilty of "felony murder" but not guilty of intentional murder.

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## Consignments for the High Street?

The Direct Bag Service—a money-and-effort saving parcels service.

If you supply High Street stores or send consignments to one address, you should consider the Royal Mail's Direct Bag service.

This is how it works.

You fill a bag—or bags—with goods. They can be any size within the capacity of the bag and up to a total of 22.5 kg in weight. Then you seal the bag, address and attach a special label—and away go your goods.

You need only package for protective purposes. There's no need to address individually. No need to frank them. And there's less chance of split delivery.

The price? That's competitive—based on volume and distribution patterns. You can expect to save money—time and effort, too.

Direct Bag—one of an unrivalled range of services that makes Royal Mail Parcels the biggest and most flexible parcels service in Britain.

If you regularly send local, regional, national or international parcels, you'll get a better deal from the Royal Mail.

For full details, return the coupon—Now Or dial your operator and ask for FREEFONE 2325.

To: Ken Woolley, Room 127, Postal Marketing Department (RMK 4), FREEPOST (no stamp required), 22/25 Finsbury Square, LONDON EC2B 2QQ

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Please send me more information about the Direct Bag Service ☐

Please send me more information about Royal Mail parcel services ☐

Name  Position

Company

Address

Postcode  Tel. No.

Royal Mail Parcels  
We mean business

## Smith party tries to change its image

From Stephen Taylor, Salisbury, June 4

The Rhodesian Front (RF), the party which declared UDI and whose name became a byword for opposition to change, is attempting to rejuvenate its image as it approaches two crucial by-elections for white roll seats.

After months of criticism from white Zimbabweans the party meets this weekend to adopt a new name "in keeping with the changes in the country" and to consider policies to face the challenge posed by a breakaway faction.

With the closure today of candidate nominations for the second of the polls it emerged

that the by-elections would be a straight contest between the candidates of the RF and the Democratic Party which was formed in April by a former Rhodesian Front MP and stands on a policy of broad cooperation with Mr. Robert Mugabe's Government.

Dr. Ahn Palley, a former Independent MP, who urged the ruling Zanu (PP) party to field a candidate in the Borrowdale constituency and then said he would stand as an Independent, was announced today that he would not be standing in order to prevent splitting the anti-RF vote.

The second by-election is in the Mazope-Mtoko white roll seat.

Zanu (PP) will be watching the by-elections with keen interest. A senior member of the Government recently said that although there were signs across the country that it was gaining white support, the party believed that it was too early to put up candidates in white seats.

But, he said, it regarded the by-election as an important test. Sensing that it faces a threat in the by-elections, the RF is expected to adopt a generally more cooperative approach to the Government.



## EEC aim to help poor states at expense of rich

From Michael Hornsby, Brussels, June 4

The overall effect of EEC policies should be to transfer resources from the rich to the less well-off member states, but governments cannot expect this to be immediately reflected in their net budgetary balances.

This emerged here today as one of the basic principles on which the European Commission will be drawing up its proposals for reforming the EEC's finances. They should be presented to member-states at the end of this month.

These proposals, which will also include recommendations for the reform of the Common Agricultural Policy, are to be finalized at a special meeting of the Commission, or the Council, on June 19 and 20, it was learnt here.

Mr Thorn and his colleagues have yet to decide whether to submit their proposals for preliminary discussion to the Foreign Ministers on June 22 and 23, or to submit them direct to heads of government at their spring summit meeting here on June 29 and 30.

The direction, in which the Commission's thinking is moving, offers some support to the view expressed in the Hague yesterday by Sir Geoffrey Howe, the Chancellor of the Exchequer, that poor countries should do better financially out of the EEC than rich ones.

There appears to be serious doubt inside the Commission, however, about how much can be done by means of the kind of special mechanism called for by Sir Geoffrey to correct the budget balance and deficits of member-states in order to reflect their relative wealth.

The Commission appears to believe that in the long run the better distribution of wealth called for by Sir Geoffrey can only be achieved by spending more on non-commercial policies that would benefit a

## Police use whips on high school protesters

From Ray Kennedy, Johannesburg, June 4

For the second day running violence erupted in Johannesburg's Coloured (mixed race) areas today as the police, with dogs and whips, attacked high school pupils demonstrating over the detention of a student leader.

According to teachers, the police were no less ferocious than yesterday when they attacked the Coloured children despite calls by white opposition and Coloured political leaders for an urgent investigation into their over-reaction.

Mr Louis Le Grange, the Minister of Police, said today that he was calling for detailed reports of the police action. But he stated: "Schoolchildren who do not obey requests from the police and throw stones or petrol bombs at my police must not expect any leniency. If they do not obey requests they must not expect any sympathy from me."

Today, high schools in the Coloured suburbs of Westbury, Coronationville and Newclare, where violence broke out yesterday, were virtually deserted. Most parents kept their children away from school in fear of further clashes with the police.

At the Riverlands high school 200 students confronted the police and, according to a police statement, began stoning vehicles and giving black power salutes.

Riot police under the command of Brigadier Thabo Swaneepoel moved in with dogs, whips and teargas.

Mr Sarah Davis, a teacher, said: "They beat the children when they were outside the classrooms so they ran inside and when they were inside they beat them to go out again. These people are animals. The children were not doing anything."

A police statement said a detachment of riot police had moved into the Riverlands area and action was taken to disperse the gathering there.

A 15-year-old boy was injured when he was hit in the neck by a teargas canister and a girl was badly bruised. A head after being whipped while she lay helpless on the ground. Another girl, aged 16, had an epileptic fit after being over-come by teargas.

Mr August Snel, the principal of the Riverlands school, said some of his pupils had been boycotting classes and were standing peacefully in the school yard when the riot police burst on to school property and started chasing the children with dogs.

The Afrikaans language Johannesburg newspaper *Beeld* today quoted Brigadier Gert Kruger, divisional commissioner of police, as saying that if protest marches and demonstrations continued, the police would retaliate even more.

"It is a pity about the innocent being affected in the process but the police cannot allow these things to carry on incessantly," he was quoted as saying.

The lead story in *Beeld* yesterday was an announcement that the police are to be given a pay rise.

The Johannesburg *Star* today cautioned the police against totally estranging the Coloured population, "whose favour the Government is trying to win."

The *Star* described police conduct as "violent over-reaction."

The Johannesburg *Rand Daily Mail*, traditionally the most anti-government of South African newspapers, which usually sticks to comment on authoritarian excesses, has not so far published its views.

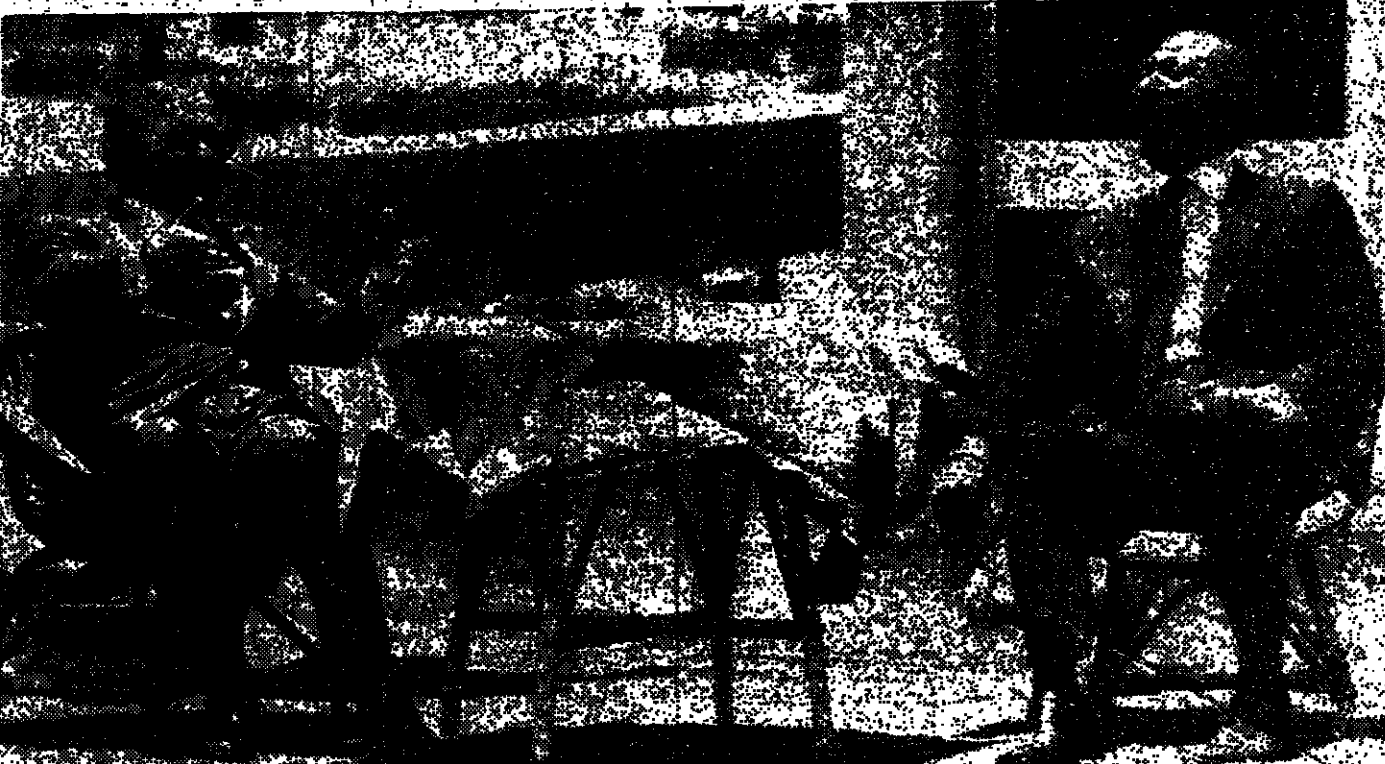
At the weekend, Mr Allister Sparks, its editor, was dismissed in a move which was interpreted locally as an attempt to give the outspoken *Rand Daily Mail* a more pragmatic and more marketable image in line with the apartheid reforms that Mr P. W. Botha, the Prime Minister, has promised.

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Well met in Sinai: President Sadat in jovial mood yesterday when he and Mr Begin met near Ofrat.

## Washington intensifies Middle East action

From David Cross, Washington, June 4

President Reagan will meet a number of Middle Eastern leaders in Washington during the next few months, the White House announced today. They will include President Sadat of Egypt.

A formal announcement said that President Sadat had accepted an invitation to come here on August 5 and 6 and that Mr Menachem Begin, the Israeli Prime Minister, had tentatively agreed to talks on September 9 and 10.

Mr Begin is expected to arrive in Washington on September 2 and 3, and King Khalid of Saudi Arabia at a date still to be specified.

Mr Reagan's developing Middle East policy, has been marking time somewhat in recent weeks, but after the Israeli elections, his foreign policy advisers are expected to decide how to approach the Camp David peace process as well as what is seen as Soviet adventurism.

Meanwhile, the State Department announced today that Mr Philip Habib, the President's special Middle East envoy, would be leaving Washington tomorrow to resume his Lebanese peace mission. His travels would take him first to Beirut and then back to the Middle East early next week, a spokesman said.

He added that the four countries among which Mr Habib shuffled last month—Lebanon, Israel, Syria and Saudi Arabia—had all indicated that Mr Habib was welcome back for further talks.

The envoy, who returned here last week after three weeks

of delicate diplomacy in the Middle East, is coming to defuse a threatened confrontation between Israel and Syria in Lebanon. During his short stay in Washington he has briefed President Reagan, Mr Alexander Haig, the Secretary of State, and other senior Administration and Congressional leaders.

The spokesman said that the next round of Mr Habib's travels were "open-ended". Mr Haig acknowledged earlier this week, however, that the envoy's peace mission could not go on for ever.

Jerusalem (Moshe Brilliant writes): Eight pupils of the El Bireh girls' secondary school were treated in hospital.

Arab sources said the demonstrations had been called to mark the fourteenth anniversary tomorrow of the Israeli occupation of the West Bank. However the sources also said that bitterness in the Arab community was heightened by the visit of President Sadat to Ophira, which the Palestinians feared would lead to an alliance between Egypt and Israel at the expense of the Palestinians.

The Arabs said troops burst into the yard of the El Bireh girls' school to break up a demonstration but the military command claimed the young women had come out into the streets where they stoned soldiers and cursed them.

In Ramallah, the demonstrators were said to have stoned traffic.

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## Foreign Office denies rift over Community budget

By David Sparrow, Political Correspondent

The Foreign Office has reacted sharply to the claim that it had a difference of opinion with the Treasury over restructuring the European Community budget, as reported in *The Times* yesterday.

There was no foundation for the suggestion, a Foreign Office spokesman said, emphasizing that the speech on budget reform given by Sir Geoffrey Howe, the Chancellor of the Exchequer, in the House on Wednesday, represented "a full statement of the Government's approach."

The whole idea of a disagreement rested on a single remark by a senior Treasury official, the spokesman said, commenting that the British contribution to the Community budget, the official was reported as adding: "At least the Treasury does not."

The remark was no more than "natural official prudence," he said and in fact the speech was the agreed result of very careful discussions in Whitehall.

The reform of the budget will be the key issue of the EEC's second summit of heads of government, which is expected to take place in July. The Foreign Office's concern yesterday to deny any difference of approach within British ranks, Sir Geoffrey Howe's speech was conceived not as a formal proposal—which is the task of the Finance Committee—but as an attempt to set out the British view, in a general way.

The Hague was chosen as an appropriate venue for such a statement, because the Dutch are in the chair of the Council of Ministers at the moment. Once Britain takes over the presidency it will be, in a sense, harder for senior ministers to state their views in such an open way.

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## E Germany hits back at Begin

Berlin, June 4—East Germany reacted angrily today to the speech by Mr Menachem Begin, the Israeli Prime Minister, and accused him of pursuing Hitlerite policies.

"The Government in Tel Aviv does not have the least right to use the Jewish victims of German Fascism as an excuse for its policies," Herr Edgar von Schnitzler, East Berlin's chief political commentator, wrote in the foreign policy weekly *Horizont*.

He said that all Jewish governments had pursued occupation policies based on the same "Fascist lies" used by Hitler.

The result has been to focus attention on the position of the Oriental Jews, who make up 55 per cent of the population but, because of widespread under-privileges, still live in a ghetto, referred to as "The Second Israel".

Ironically, the catalyst for the new political development, potentially one of the most significant in recent years, was a corruption trial which ended last month with the acquittal of Mr Ashkenazi, the Minister for Religious Affairs.

From the outset, the Minister said the charges against him were the result of a deliberate plot by Ashkenazi or European Jews against the Sephardi community, which is one of the most prominent minorities.

The charge had reflected the prejudice in Israeli society, which had left the majority of Oriental Jews as second-class citizens, who still lived in a ghetto, referred to as "The Second Israel".

Before the verdict, Mr Nassim Gao, the millionaire president of the influential World Sephardi Federation, gave a warning: "The feeling that there is discrimination, as well as the apparent evidence that within Israel there are two societies, separate and unequal."

Italy tots up the cost of masonic scandal

From Peter Nichols, Rome, June 4

Signor Bettino Craxi, the socialist leader, said today after talking with Signor Arnaldo Forlani, the Prime Minister, that the country needed "a higher degree of government."

Their talks were a week after Signor Forlani had been invited by President Pertini to try and form a new Government after the masonic scandal which has torn the country apart.

The scandal is less virulent today in terms of revelations but the extent of the damage caused is becoming clearer.

The *Milano Corriere della Sera*, Italy's best known newspaper, failed to appear today because of a strike due, in part, to the P2 masonic affair.

The newspaper is in the difficult position of having had Signor Forlani, its editor, listed as a member of the P2 group as well as other leading writers while the investigation into the scandal continues.

## Threat to country's unity Poll highlights Israel's racial rift

From Christopher Walker, Jerusalem, June 4

The deep ethnic divisions between European and Oriental Jews which have long threatened the unity of Israel are being emphasized to an unprecedented, and many would claim dangerous, degree because of the bitter election campaign.

For the first time in Israel's 33-year history, voters have the opportunity of supporting a specifically Sephardi or Oriental party which stands a real chance of exercising political power in the Knesset.

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## PACIFIST SURRENDERS IN FRANCE

From Our Own Correspondent, Paris, June 4

M Patrick Gervasoni, who has been one of the leaders of the French conscientious objector movement, since he refused to answer his call-up in 1972, gave himself up to border police at Joux-la-Vie today in the hope that the new socialist Government will grant him amnesty.

Gervasoni, aged 30, has been on the run from military police since he was given an eight-month sentence for desertion in 1975. In 1979 he left France, where he had been living in hiding and went to the Netherlands and on to Denmark and then Iceland. He was expelled from there and returned to Copenhagen to live.

After the victory of President Mitterrand, he obtained a *laissez-passer* from the French consul in Copenhagen to return to France and then contacted about 30 other French deserters in the Netherlands and Denmark to sign a petition asking for amnesty before returning to France today.

Unusually for this type of case he has not been kept in custody. The border police have accepted his word of honour to sign a petition asking for amnesty before returning to France today.

Journalists fight Hersant's control over 'Le Figaro'

From Ian Murray, Paris, June 4

A court official has been authorized to find out if M Robert Hersant, the proprietor of *Le Figaro*, has a properly recognized press card. The investigation is in response to legal moves initiated by journalists in the newspaper to ensure that the statutes of *Le Figaro* are being properly observed.

The statutes stipulate that the president and one other representative of the five-member editorial board must be a journalist. M Hersant, who gives his profession in France's *Who's Who* as "publisher", is the current president of the board.

As president he not only has the right to choose the editor of the newspaper, but he can also fire the paper's editorial line.

Journalists at *Le Figaro* have been increasingly unhappy about what they see as a lack of objectivity in the newspaper's reporting. Shortly after the election of President Mitterrand they passed a resolution declaring their "unacceptable attachment to editorial independence" vis-à-vis the authorities, and emphasizing that the paper owed its readers respect for their convictions, as well as a comprehensive news service.

The journalists then called for a stricter control in the compilation of political news and for scrupulous respect for the facts. There was too much at stake to confuse ideology with moral obligations, they insisted.

The Hersant group replied with a statement promising that *Le Figaro* was to become "a great national opposition daily" which would be moderate and liberal, in line with the views of its readers.

The journalists, however, feel that as president of the editorial board M Hersant has too much influence on the content of the newspaper and they have therefore started the legal proceedings in an attempt to have him removed from the presidency.

Another dispute over the political content of a publication, this time the women's magazine *Jeune*, has led to a letter of resignation from Mme Françoise d'Homme, its editor.

The June issue of the magazine, which has a circulation of 172,000, contains a four-page supplement urging readers to reject "the Socialist-Communist coalition". Mme d'Homme was unaware of the inserted supplement until the magazine appeared.

## Bangladesh leader's pledge on democracy

From Trevor Fishlock, Dacca, June 4

In a shaking but brave voice, Mr Justice Abul Kalam, the acting President of Bangladesh, tonight expressed the Government's determination to maintain the democratic process, to foil any conspiracy to upset it and to discover the truth about the killing of President Zia.

He also said that an army investigation will find out how General Abul Mansur, the leader of the ill-fated Chittagong rebellion met his death while in custody two days after the President was murdered.

The official version is that General Mansur fled to the Chittagong hills when support for his rebellion evaporated. He was caught by the police and taken under guard towards the Chittagong army base. On the way the party was attacked by "agitated armed people," said to be villagers, and General Mansur was fatally wounded. Two of his fellow officers were killed on the spot.

Mr Sartar told reporters that a mob had surrounded the arrested men. You can well understand the feeling that was aroused. It is difficult when tempers are high. We wish General Mansur were alive. We would have tried him according to law.

He rejected a report that General Mansur's wife and three children had also been killed. "I can assure you they are safe."

Asked about misgivings expressed in Parliament that the investigation into the rebellion in parts of the Army would be conducted by the Army itself, Mr Sartar replied: "Everything happened in the Army and we must find out how and why it happened. I have full confidence in the armed forces and I can assure you no injustice will be done to anybody."

He indicated the inquiry, which has already begun, would investigate whether there was any wider conspiracy behind the Mansur rebellion.

Mr Sartar is 74, and suffers from diabetes and high blood pressure.

On Saturday morning, he was called from his hospital bed to head the Government. "I was woken up and I was so dazed I did not know what to say. I was in a very bad state of health and I have not been able to recover from the shock."

Tears glistened in his eyes as he added: "President Zia was a true friend. He was like my son. I loved him because he was trying to build a small country in a better way."

He said he would adhere strictly to the Bangladesh constitution and were committed to preserving democracy.

Because of his failing health he would not be a candidate in the presidential election which has to be held by the end of November.

Government officials expect the military tribunal investigating President Zia's murder to take up to two months to complete its work.

The court-martial trial of officers involved in the Mansur case will begin soon and is expected to be fairly brief. The Government has named 17 officers who are held in Chittagong. No civilian has been detained.

US HONOURS WALLENBERG

Washington, June 4.—The State Department today endorsed honorary American citizenship on the Swedish diplomat Count Raul Wallenberg, whom the Russians say died in prison in 1947.

"The conferral of honorary United States citizenship on Wallenberg would serve to underscore the seriousness with which the American Government and people view Soviet behaviour in the Wallenberg case," the department said.

Mr Wallenberg was arrested when the Red Army captured Sweden in January

















Left to right: Carlos Kleiber, first-time conductor at the Royal Festival Hall; "Kagemusha", Kurosawa's screen epic; musical "Cats", a T. S. Eliot inspiration; elm sculpture by G. extrude Hermes RA, at the Academy Summer Show.

## The Times critics' guide to the week's entertainment

Our regular critics provide a short-list of recommended entertainments, outings and reading for the coming week

### Theatre

Irving Wardle

**The Best Little Whorehouse in Texas:** A lyrical fable of model bordellos wantonly hounded out of business by the combined forces of media publicity and political embarrassment. A Manhattan tribute to the Lone Star State, the musical is both a satire and an elegy, and contains the best country music yet imported from Broadway. (Drury Lane, 836 8108)

**Goose Pimples:** A clean sweep of the downmarket consumer population, in the form of a ghastly dinner party for car salesmen and a non-English speaking Saudi (Anthony Sher) who mistakes the venue for a brothel. As improvised by Mike Leigh's company, the piece may arouse inverse snob reactions, but you cannot argue against acting as good as this. (Garrick, 836 4601)

**The Seagull:** Masterly new version by Thomas Kilroy, moving Chekhov's household to the west of Ireland and uncovering a wealth of fresh insights into the play. Max Stafford Clark's magnificent cast production uses the contrast between Galway and London manners to sharpen the comic collisions, and reveal the characters with a hard-edged precision that has rarely been achieved in previous versions. (Royal Court, 730 1745)

**Cats:** Skimbleshanks, Grizabella, and other felines from T. S. Eliot's collection, released into a cats' adventure playground for a night out involving every theatrical skill from blues-singing and conjuring to Chinese opera. Trevor Nunn and Andrew Lloyd Webber have failed in their attempt to devise a story line; but the stage effects and dance are terrific. (New London, 405 0072)

**Translations:** Anglo-Irish parable of a Donegal hedge school of the 1830s (where the Gaelic peasantry learn Latin and Greek), and a British army detachment who are anglicizing the local place names. Colonial tragedy ensues, but Brian Friel's play begins and ends as a play about language. An extraordinary technical achievement with the metaphorical implications of a national classic, fully projected by a superb cast. (Hamstead Theatre, 722 9301)

**The Misanthrope:** A sumptuously dressed, well translated, and brilliantly delivered version of Molière's comedy with Tom Courtenay as a manically enraged bull in the comedy arena shop. (Royal Exchange Manchester, 061 833 9333)

**Britannicus:** A gallant near-success in realizing Racine's political masterpiece, with a ferocious central battle between Jonathan Kent's Nero and Siobhan McKenna as his equally blood-glutted mother. Some of the modern detail grates, but this is a worthy successor to the director, Christopher Fettes, acclaimed *Dr Faustus*. (Lyric Studio, Hamersmith, 741 2311)

**Serjeant Musgrave's Dance:** Painfully well-timed revival of John Arden's fable of colonial warfare. A good company, led by John Thew, and Peter Hartwell's superb designs throw the play's narrative and poetic weakness into illuminating relief. (Cottesloe, 528 2252)

**London Fringe:** One Man: Steven Berkoff's London Theatre Group was a victim of the recent Arts Council cuts. Returning to the London stage on his own, he promises a late-night entertainment with material from his favourite authors: Kafka, Edgar Allan Poe and Bertolt Brecht. He is always challenging. Performances this Friday and Saturday only.

**Portrait of TERESA**  
directed by Pastor Vega  
A moving portrayal of women in Cuba today...  
CATH TIERRE  
CINEMA CAMDEN TOWN  
267 121 465 2446

at 10 pm, Theatre at New End, Hampstead, London, NW3 (794 0238) (Ned Chaillet).

**London Calling:** Tony Marshall is a young playwright whose first play caused much excitement earlier this year when it opened the new studio theatre at Stratford's Theatre Royal. His title, taken from a recent album by the Clash, suggests he is still concerned with provocative theatre. Opening Thursday, after one preview, Square Things, Gerry Raffles Square, Stratford East, London E15 (534 0310)

**Booking opens...**  
The Royal Shakespeare Company

**Adrian, London, Postal** booking for July 1-August 29 opens on Monday for Trilussa and Cressida, The Merchant of Venice and As You Like It. Personal booking June 15. Warehouse, Donmar Theatre, London. Booking opens Monday, June 15, for Thirteenth Night, a Dream Play by Howard Brenton (June 24-August 25), The Forest by Alexander Ostrowsky (July 14-August 27), The Shadow of a Gunman by Sean O'Casey (July 21-August 29). Fortune. Booking from Monday.

**The Hollow Crown (July 1-September 30), Elbow Room and Repentance (July 13-September 30).** Book there. Reduced prices for advance booking. Stratford. Booking opened last Monday for June-October 3. A Winter's Tale, A Midsummer Night's Dream, Two Gentlemen of Verona, Titus Andronicus.

**Carlton Glynn in "Best Little Whorehouse"**

**Ballet**  
John Percival

**Coliseum:** The Stuttgart Ballet's season continues for only one more week. This weekend's programme has a changed running order: Marcia Haydée starts *Hedda* and ends it as *Mathilde in Trümmen*. J. Kylan's *Forgotten Land* comes between (June 5 and 6, matinee and evening).

**John Cranko's Swan Lake** (Monday-Thursday) resolutely starts the usual happy ending. Three casts are scheduled to dance the leads: Haydée with Richard Cragun (June 6, 10 matinee), Lucia Isenring with Egon Madsen (9, 11), and 1937 classic *Checkmate* between (June 5 and 6, matinee and evening).

**Covent Garden:** Sadler's Wells Royal Ballet is briefly in residence while the other Royal Ballet prepares for its New York season. Ninette de Valois's *La Fille du Roi* is a gem. Galina Samosova's glittering production of *Paquita* share a triple bill with Cranko's *Brouillards* (tonight), Kenneth MacMillan's *Elle S'occupait* (tomorrow) and Frederick Ashton's *Sinfonietta* (June 12). Ashton's two-act charmer, *The Two Pigeons*, is given at the other performances, preceded by either *Sinfonietta* (June 9, 13 mat) or *Brouillards* (June 10). (240 1066)

**Sadler's Wells:** A season of American dance starts on Monday with one of their great dancer-choreographers, Marcia Haydée, a veteran now but still active, and his company of first-rate dancers. The programme changes almost nightly, chosen from a dozen new and three London premieres: expect original, sometimes disconcerting but always gripping choreography, generally avant-garde music, and designs by artists of distinction. (337 1672)

**Riverside:** Two of Cunningham's former dancers, David Gordon and Valda Setterfield, head the Pick Up Company which appears in a programme of new works, June 9-14. It is the company's first time in London but the leading couple gave a foretaste

of Gordon's inventive, disreputable and often amusing choreography at Riverside last year. (742 2251)

**National Film Theatre:** The programmes of ballet films in tribute to the Royal Ballet's jubilee continue with *Romeo and Juliet* (Pontey, Nureyev and Blair in MacMillan's choreography, June 6), Ashton's danced version of *The Tales of Beatrix Potter* (June 7), and then one of the most famous of all dance films, *The Red Shoes* (June 15). Finally, Ashton's *Enigma*. Variations together with the 1947 weepie, *The Little Ballerina* (June 14). All programmes twice nightly; membership inquiries 437 4355.

### Concerts

William Mann

Unquestionably the event of the week will be the first concert appearance in London of Carlos Kleiber, who conducts the LSO at the Royal Festival Hall (828 3191) on Tuesday, in place of Karl Böhm. Kleiber has been touring with the LSO in Italy; their main work will be Beethoven's Seventh Symphony.

The 1981 Bath Festival draws to a close at the weekend. Tonight at the Theatre Royal (0225 60265) the Lantano group perform Stravinsky's *A Soldier's Tale* and a new dramatic piece by Nigel Osborne. Tomorrow Capricorn play Mozart and twentieth century works in the afternoon; in the evening the English Baroque Soloists offer Purcell, Bach and Handel. Sunday brings Robert Woolley with French harpsichord music, and the final recital by the Beaux Arts Trio of New York.

Back in London, my pick for tonight is Gustav Leonhardt's J. S. Bach harpsichord recital at Christ Church, Spitalfields (247 0792).

Tomorrow is a day of oratorios, with *David's Deliverance* at the Queen Elizabeth Hall (928 3291) and Mendelssohn's *St. Paul* at Spitalfields. On Sunday evening at the RFL Arrau plays Weber's *Concert Piece* and Strauss's *Burleske* with the RPO and Walter Wellmer whistles at Covent Garden (240 1065) Dame Janet Baker with Geoffrey Parsons gives a varied programme of songs.

On Monday the young and greatly talented Krystian Zimerman plays piano sonatas by Brahms and Chopin at the RFL, while piano-fanciers will also find series-ranks of them in the QEH on Tuesday evening, when 25 pianists variously combine, conducted by Colin Davis, in such gems as Sousa's *Stars and Stripes*.

Finally, Mahler devotees must not miss *Das klagende Lied*, conducted by Simon Rattle at the RFL on Thursday.

### Opera

John Higgins

**Covent Garden:** The Royal Opera is back home again after its month in Manchester and opens the last part of the season with a revival of Verdi's *La Traviata*. Katia Ricciarelli again sings the title role, with Leo Nucci as her father. The newcomers include the veteran

**Don Giovanni:** Joseph Losey's tussle with Mozart—a mixture of brilliant moments and strange miscalculations—is now in its eighth month. It has to be seen once at least, for the experience is well worth the price. Raimond's diabolic Don. (Academy One, 437 2981)

**Greek Tragedy on Film:** The National Film Theatre offers a season of cinematic encounters with the classics. There are more than you might guess, including three versions of *Oedipus Rex* and five *Electras*, made a virtue of necessity, using the landscape of Brittany to create an ideal Wessex. The best attempt yet at Hardy's teasingly fatalistic world, the film has an intelligent script and good cast, led by the sombre-eyed, full-lipped Nastassia Kinski. (Empire, 437 1234)

**Shuttleworth Collection:** Lovers of magnificent flying machines will find a special evening flying display, which will include a Gloster Gladiator, an Avro 504 and—weather permitting—a Blériot. The collection is one of the finest in the country, covering the field of aviation from its earliest days. (June 6, 6.30 pm, 1.50 adults, 50p children, Old Warden Aerodrome, Binglewells, Bedfordshire, 07572 288)

**South of England Show:** Agricultural shows have much more to offer than cattle. This, one of the largest, includes Royal Navy teams shinning up 80-foot masts, the band of the 1st Battalion Queen's Regiment, and a display by parachutists. There are also hackney carriage championships, packs of foxhounds, sheep-shearing

tenor Carlo Bergonzi as Rodolfo and Pinaas Steinberg (son of William) making his house debut as conductor. (240 1066)

**English National Opera North:** Grand Theatre, Leeds: Mozart's *Don Giovanni* opens tomorrow night with Tom McDonnell in the title role. David Pountney has revised his production, originally staged by Scottish Opera, for its trip south. *The Barber of Seville* joins *Giovanni* at Leeds Repertory next week. (0532 459351)

**Glyndebourne:** Certainly the most carefully planned opera of the week. The two best-known musical works based on the encounters of Figaro and Count Almaviva are running in tandem. Sir Peter Hall has returned to re-direct his 1973 production of Mozart's *Le nozze di Figaro*, which probes well beneath the skin of the characters. Two performances which most catch the eye and the ear are both given by American singers: Richard Stilwell (the Count) and Faith Esham (Cherubino). John Cox's effervescent staging of Rossini's *The Barber of Seville* has a truly star performance, Maria Ewing's Rosina. She is admirably supported by John Rawley, an up-and-coming bass-baritone—as Figaro, and indeed the whole cast, who play with fine comic brio. The house is sold out, but there is a chance of returned tickets. (0273 812411)

**Welsh National Opera, Sherman Theatre, Cardiff:** The premiere of John Metcalf's *The Journey* will be given by the WNO at Cardiff on June 12, with a second performance the following evening. The opera then goes next month to the Cheltenham Festival. Note that the WNO is playing at the Sherman Theatre and not at its normal home, the New. (0222 30451)

**Peter Firth in Roman Polanski's "Tess"**

claimed that the eccentric Hughes befriended him when he gave him a lift in the desert. You either take to Jonathan Demme's easy style or you don't; but the film is rare for its assertion of Renoir's belief that "tout le monde a ses secrets", and for its quality of kindness. (Gate One, 221 0220). Screen on the Green, 226 3520)

**Rough Treatment:** Poland's film makers anticipated the events of summer 1980. Andrzej Wajda's 1979 picture detailed the mechanisms that Gierk's Poland had in readiness for inconvenient citizens. The humiliation and events destruction of the journalist-hero undoubtedly reflect Wajda's own experiences after official damning of his *Man of Marble*. (Camden Plaza, 485 2443)

**Stalker:** A Soviet artist's allegory on the quality of life and the quest for meanings in it is likely to be elusive; and Andrei Tarkovsky's myth about a scientist, a writer and a guide exploring the forbidden "Zone" is often dark and mysterious. Tarkovsky, though, is one of the cinema's outstanding visionaries. (Academy Two, 437 5129)

**Tess:** With extratextual agreements inhibiting his entry to Britain, Roman Polanski made a virtue of necessity, using the landscape of Brittany to create an ideal Wessex. The best attempt yet at Hardy's teasingly fatalistic world, the film has an intelligent script and good cast, led by the sombre-eyed, full-lipped Nastassia Kinski. (Empire, 437 1234)

**Stephenson's Rocket at the bicentenary exhibition.**

contests, pet's corners and, of course, the livestock. There will be a crèche. (June 11 to 13, 9.45-6.30 pm, Ardingly, West Sussex, 044489 2245)

**Tiesaw:** If you or your children are addicted to this lunatic Saturday morning television programme, you will know what to expect. Sally James, Chris Tarrant and John Gorman will be chucking buckets of water, custard pies and terrible jokes in the general direction of their guests and audience. To join the latter (and audience participation is essential), telephone for tickets, which cost £4 and £3.50, to this one-off show. Not suitable for children of a retiring disposition. (June 11, 8pm, Wimbledon Theatre, London SW19, 946 5211/2)

**Kagemusha:** Kurosawa's epic has to be seen; but try to catch it at a cinema where the projection and sound facilities are as good as the film's spectacle deserves. The sixteenth century tale of a criminal who becomes the world's official double and assumes his master's nobility of soul as well as the physical likeness, rises to tragic grandeur. (Gate Mayfair, 493 2031, and selective release)

**The Long Good Friday:** John Mackenzie's sharp and finely-acted thriller, owing much to Barry Keefe's admirable scripts, is one of the periodic gleams of hope in British films. Bob Hoskins's London gang boss, whose ideal capitalist-criminal organization is suddenly threatened by unknown but lethal enemies, is a fine character creation. (Selective release)

**Melvin and Howard:** The misadventures of Melvin Dummar (Paul Le Mat), one of the beneficiaries of Howard Hughes's Mormon Will, who



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claimed that the eccentric Hughes befriended him when he gave him a lift in the desert. You either take to Jonathan Demme's easy style or you don't; but the film is rare for its assertion of Renoir's belief that "tout le monde a ses secrets", and for its quality of kindness. (Gate One, 221 0220). Screen on the Green, 226 3520)

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**Museum of London:** The museum, credibly film minded, has a special summer exhibition: *Such Things as Dreams Are Made Of*. Denham Studios, 1935-1951. Also, in collaboration with the National Film Archive, on Tuesdays and Thursdays at 6.10 pm, a series of films "Made in London". This week, the young Oliver in the 1931 *Porter's Wife* (Tuesday); and the apogee of costume romance, *The Wicked Lady* (Thursday). (600 3699)

**Booking opens...**  
National Film Theatre

**Postal booking for July opens June 11 and personal booking on June 18.** The programme features Anthony Asquith, Blake Edwards, *The Godfather*, *Hollywood in the Mirror*, *Enterprise Studios* and *Ray Harryhausen*.

### Galleries

John Russell Taylor

**Irving Penn:** Images: Nearly 30 years' work by one of America's leading photographers. Penn came home with New Guinea tribesmen as with San Francisco hippies, as interested in a crumpled cigarette cartoon as a ripe female nude, and photographs them all with revealing formality in the studio. (Marlborough Fine Art, 6 Albemarle Street, W1)

**Keith Vaughan:** One of the lost generation of English neo-romantic painters who were big in the 1940s and nowhere there since. This show concentrates on monumental figure compositions from the 1950s, and offers the strongest argument for taking a new look at Vaughan and his contemporaries. (Geffrey Museum, Kingsland Road, E2)

**Philip King:** Major retrospective devoted to the British artist most famously responsible for introducing a dash of colour into the sober field of sculpture. The earlier works, playful, in light-weight plastics; the later hefty with chunks of wood and stone, bound together often with great industrial cables. A still-developing talent. Also Raymond Moore's expressive landscape photographs. (Hayward Gallery, South Bank)

**Robert Rauschenberg:** Erstwhile enfant terrible of New York art (but then, what is one among so many?) shows signs of quietening down in his later work. He is still trying out mad, readily perishable materials, still turning the current images of popular culture to strange and personal ends. Where he started from and where he has provisionally arrived are both here, with a lot of what came in between. (Tate Gallery)

**21st Summer Show:** Almost inevitably, the Academy mixture as before. Abstract art not up to much, though they seem to be trying; elsewhere, the usual famous Academicians doing (often finely) what made them famous in the first place. Certainly well up to standard. (Royal Academy, Piccadilly)

**Bridget Riley:** Two simultaneous selections of recent paintings and large gouaches show the artist still faithful to Op Art, still teasing our eyes with lines and curves which seem to shift as we watch. But not jangling our

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nerves any more: the new colours are gentle, pastel, and—dare one say it?—pretty. (Rowan Gallery, 31a-Broton Place, W1; Warwick Arts Trust, 33 Warwick Square, SW1)

**Mary Potter:** Retrospective tribute to one of our senior painters still painting prolifically and better than ever the age of 80. Charming figurative work dating back to the early 1920s; in the last two decades subject matter has faded into veils and hazes of exquisite colour through which an indeterminate shape may occasionally be glimpsed. Irresistible. (Serpentine Gallery)

### Jazz/Rock

Richard Williams

**Bruce Springsteen:** He treats every night as if it were his last chance. These three concerts are your last chance. The policy of holding back a block of tickets for sale on the night seems to be having the desired effect of holding back market prices down, so really there can be no excuse. (June 5, Wembley Arena, Empire Way, Wembley, Middlesex, 902 1234. June 7 and 8, National Exhibition Centre, Birmingham, 021 7804141)

**Moody Blues:** The kings of cosmic soft rock return, with a new keyboard player, the much travelled Patrick Moraz. (June 5, Apollo, Manchester, 061 2731112. June 6, National Exhibition Centre, Birmingham, 021 7804141. June 7, Colston Hall, Bristol, 0272 291768. June 8 and 9, Royal Albert Hall, London, 589 8212)

**Jimmy Witherspoon:** The good-humoured blues-shouting veteran leads an entertaining bill which includes the indestructible Champion Jack Dupree and Rocker 88, an enjoyable home-grown blues band. (June 5, Crucible, Sheffield, 0742 760621)

**Q-Tips:** This soul band's single, "Stay the Way You Are", is the best record to be heard on pop radio. (June 8, City Hall, St Albans, 56 61078)

**Shakin' Stevens:** After the longest apprenticeship in the history of rock and roll, the likes of which has made it at last. This concert will be by way of celebration. (June 9, Apollo Victoria, London SW1, 828 6491)

**George Benson:** Soft-focus jazz-funk from the guitarist who began his career by copying Charlie Christian, and then discovered that he possessed a passable voice. (June 10 to 14, Wembley Arena, 902 1234)

**Booking opens...**  
**Ultravox at Crystal Palace** (June 13: tickets by post from PO Box 281, London N15 5LW, £8.50 plus s.p.)  
**Pink Floyd at Earls Court** (June 13 to 17: tickets available by post from GP Productions, PO Box 47L, London W1A 4TL, £8.50 or £7.50 plus s.p.)

### Radio

David Wade

**Poor Pikeman:** A well above average historical drama by Edwin Pearce marking the six hundredth anniversary of the Peasants' Revolt. Resourceful use of radio and a very large and successful performance by Barry Foster in the part of Wat Tyler. Particularly well suited this week as a companion piece to *Who Was Then the Gentleman?* (see below). (Radio 4, June 7 at 2.30 pm)

**A Trip to Amsterdam:** Capital Radio's venture into encouragement and support, and in a way, all the more because it has disappointed so far. However Liane Aukin's name as author (she directed the play) is a capable writer encourages hopes that this will be one of the better efforts. It tells of a woman's attempts to deal with the dubious-seeming marriage of a much-loved grand-daughter. (Capital Radio, June 7 at 8.00 pm)

**Who Was Then the Gentleman?:** The truth—possibly—behind *Poor Pikeman* (see above) dug out by Jane Finn with the help of Asa Briggs, Rodney Hilton and illustrative readings. Ms Finn is usually a very competent broadcaster; this

ought to make an interesting combination with Sunday's play. (Radio 4, June 9 at 7.50 pm)

**War Music:** Christopher Logue's version of Books 16-19 of The Iliad heard for the second time. Not a translation but an account: Logue has taken various English texts, using them as a launching pad for this pyrotechnic piece of work which tells of the death of Patroclus and Achilles' return to the war. Its battle scenes are probably the most vivid I have ever met, but they are balanced by more contemplative passages of equal accomplishment. That the writing is laced with calculated metaphors only adds to its effect. Donald Fraser's music is a splendid addition, but what really turns this into a radio event is Alan Howard's superlative solo performance. Do not let the writing intimidate you: at 105 minutes it seems short. (Radio 3, June 11 at 7.30 pm)

### Books

Philip Howard

**Published this week**

**Bath 1680-1850** by R. S. Neale (Routledge & Kegan Paul, £18). Professor Neale's social history is concerned with the men and women who lived in Bath, and who transformed it from a tiny Cotswold town into the finest Patrician city in the land. Bath seen as microcosm of the transformation brought about by the development of capitalism.

**Carnival in Romans** by Emmanuel Le Roy Ladurie (Penguin, £2.50). In February 1580 Carnival in Romans was a time of masks and massacres for the divided citizenry. Concentrating on two colourful and costly weeks, Le Roy Ladurie brilliantly resurrects the social and political events that led to tragedy.

**Facts and Fallacies**, by Chris Morgan and David Langford (Wobley & Bonner, £5.95). A collection of definitive mistakes and misguided predictions, from Aristotle's assertion that birds never urinate because that superfluity that could be converted into urine turned into faeces, to Joseph Stalin declaring in 1935 that "satire is the most outstanding feature of the Soviet Union".

**Father's Day**, by Hunter Davies (Weidenfeld & Nicolson, £5.50). Scenes from domestic life as observed from dad's armchair, kitchen sink, and driving seat, with humour for these liberated times.

**Heavy Sand**, by Anatoli Rybakov (Allen Lane, £7.95). The story of a large and closely knit Russian/Jewish family from the beginning of the century to the end of the last war and extermination in a ghetto. Rybakov says: "I wanted to show the Jews as a people like any other. I've invented nothing."

**The Macmillan Encyclopedia** (Macmillan, £14.95). 1,376 pages, 1,500,000 words, 6,000 biographies of celebrities and women, key concepts in modern thought, taxonomy, geography, botany, organizations, and all in all as many facts dealt with summarily as in a dictionary, but squeezed into a single volume.

**Tales from the Newgate Calendar**, by Rayner Heppenstall (Constable, £8.50). Old favourites (Dick Turpin, Jack Sheppard, Captain Kidd, et al) swing in jolly, skillful rehash of fabulous eighteenth-century prison tales.

### Events

**Brodsky:** the leading Russian poet, Joseph Brodsky, and Anthony Hecht, the American poet and translator, make rare visits to London on Sunday to give a reading of their work at the Riverside Studios, Hamersmith, at 7.30 pm. Ernie Horowitz will read translations of Brodsky's work. (742 2251)

**Cambridge Poetry Festival:** Fifth year of the only British festival devoted solely to poetry. It has always had an international flavour, and the evening readings provide a platform for poets from other countries as well as well-known British poets. The rest of the programme is organized around performance and reflection about modern poetry. Start next Tuesday in Robinson College the Mandelstam conference.



THE ARTS

# An exhilarating view of teenage fantasy life

## Gregory's Girl (A)

Screen on the Green, Islington (June 11)

## That Sinking Feeling (A)

ICA

## Portrait of Teresa (A)

Gate 3, Camden Town

## Soldier Girls (AA)

1 + 1 = 3 (AA)

## Phoenix, East Finchley, Paris Pullman

## Germany, Pale Mother (AA)

Screen on the Hill, Hampstead

## Nighthawks (X)

Plaza 1

As writer and director of *That Sinking Feeling* and *Gregory's Girl*, Bill Forsyth instantly establishes himself as a comic author of singular gifts. In another country this — and the fact that singlehanded Forsyth has demonstrated the possibility of a native Scottish feature cinema — would have been proudly proclaimed long ago. In Britain we are still so diffident about the possibility of a national cinema that eighteen months and six months respectively, have gone by since *That Sinking Feeling* and *Gregory's Girl* were premiered at successive London Film Festivals, and it has taken until now for the films to be publicly shown in London.



A young man's fancy lightly turning, in the dressing-room and on the field: Gordon John Sinclair and Dee Hepburn in *Gregory's Girl*

factophile). The only thing they have in common and which slightly sharpens their focus on life is a growing curiosity about girls. The girls, for their part, are a lot more knowing and self-possessed, and tolerant, in a way, of their infantile male companions. Gregory falls foolishly in love with a girl football player who replaces him in the forward line, but when her mind proves to be inextricably stuck into the game, he finds his affections adapt quite easily. Forsyth's best comedy comes out of his delight in other people's introversion and his own, the amiable, blind pursuit, in grown-ups as well as the kids, of private strange concerns. There is a fine inconsequent moment when the acidulous headmaster is caught happily tinkering out a ragtime tune, during break, absently dismissing the small boys who have come to watch. Forsyth is not only a prodigious inventor of comedy, but he has the gift of turning all his cast into richly accomplished comic actors. Gordon John Sinclair is in real life an aggressive electrician; but under Forsyth's direction he is a comedian of the first rank, never mistaking a gesture, a line or a grimace of his amiable, wide-eyed pride face. The supporting cast are as expert, and the greatest test is Forsyth's ability to blend a tried professional into the ensemble.

the comedian Chic Murray plays the headmaster who, besides his musical interlude, grows indifferently plutonic over the products of the cookery class. The film is packed with treats and treasures: Gregory's sweet reliance on the mature protection and advice of his little sister; Gregory teaching "horizontal dancing" to a newly discovered girlfriend; lovely throwaway inventions of mis-en-scene such as a conversation shot on a playground roundabout. Above all these two films are the clearest demonstration that talent is not bought with money. Forsyth (whether as a scripter or a film-maker who knows what he is doing) brought in *Gregory's Girl* below his budget of £200,000. (That means, just by rule of thumb, that you might finance seventy or eighty such films for the price of one *Raise the Titanic*.) *That Sinking Feeling*, he says, cost nothing at all apart from the film stock everyone invested his services on a cooperative basis. Yet these two films are as lively in look as you can currently find in London, and a lot more entertaining.

The rest of the week's films are concerned with women. *Portrait of Teresa* is a close-to-life story of a woman's struggle for independence in Castro's Cuba. Clearly Socialism cannot eradicate overnight the rooted attitudes of a Latin Catholic society. "Women are women and men are men," says Teresa's mother-in-law, "and even Fidel can't alter that." Teresa's husband, a television repair man, is a nice enough guy and good at his job, but he cannot see why his wife wants to change a job, and the active in social and cultural life instead of simply devoting herself to the home, the family and him. Teresa (a fine performance by David Gurnea) heads for a divorce in life. By the end of the film she has brought him some way on the road, though there is still the hurdle of the sexual double standard. Apart from the delicacy with which it explores the marital problems of this likeable couple, Pastor Vega's film has the special attraction of revealing the inner lives of the women of society — their clothes, their food and the quality of everyday life. Nick Broomfield and Joan Churchill (*Juvenile Liaison*, *Tattooed Tears*) are skilful cinema vérité reporters in *Soldier Girls* they bring us painfully, embarrassingly close to the violent experiences to which female soldiers are exposed in a basic training camp (It is a picture which exposes the rosy view of *Private Benjamin*). Broomfield and Churchill were much in the manner of *The American Documentary* Fred Wiseman. The difference is that, though Wiseman leaves

you asking questions, you feel you are in possession of all the facts. With Broomfield and Churchill there is always some sense that you ought to know something more. Here the close-up attention on a couple of hopeless and humiliated soldiers leaves you to wonder what it is that makes most of the other girls so cheerful (apparently) to accept the brutalizing process ("We wanna kill an F-4 Phantom II," they chant as they march Merrily along the road). And is this inhuman process of bullying and humiliation the *ad hoc* device of these particular drill sergeants, or the product of a more sophisticated, Pentagon plan? The answer does not lie in the self-conscious confession of the roughest sergeant, in the last scene, that after Vietnam "it's never going to be there again." The danger is that if this kind of exposé can be suspected of selectivity, the spectacle of people's pain may become voyeuristic rather than informative. Showing with *Soldier Girls* is Heidi Guehl's *1 + 1 = 3*, an accurately observed record of a woman's pregnancy and her indecisions over love, marriage, career, motherhood and family. A certain sense of mundanity is germane to the subject, though it may well have been heightened by extensive cutting since the film's original appearance in Germany a couple of years ago.

Another German woman director, Helma Sanders, offers in *Germany, Pale Mother*, and exercise in early — even mental — autobiography. The film relates the odyssey of her parents from marriage in Nazi Germany through the separations and privations of the war into a still more difficult peace. The film is often touching, and Eva Mattes is excellent in the role of the mother; yet for all the director's personal involvement and her self-portrait and small child, there is an odd air of detachment about this carefully dogged film. International terrorists are the obvious new quarry for the cops in *Nighthawks* the terrorist (Roger Daltrey) is an enigmatic bundle of malice and disguises; and since the cop is played by Sylvester Stallone of the nobody-at-home face he is pretty enigmatic too. When enigma faces enigma, there is little drama as in the confrontation of irresistible force and immovable object. Which only leaves the chase; and, since this kind of chase can only be prolonged if the antagonists make sudden shifts from omniscient invulnerability to extreme stupidity, the characters are thrown still further into tiresome implausibility.

David Robinson

# Talent in plenty

## GSM operas

### Sadler's Wells

For decades the summer-term opera production of the Guildhall School of Music and Drama has been a welcome fixture, usually though not always a Mozart opera performed for one week in Cambridge by a happy tradition (in my time the student cast of the *GSM Così fan tutte* had William McAlpine and Geraint Evans as the loveliest officers), then for another week in the college's theatre.

This week, as Guildhall Opera tour court, the London performances are given, for allcomers to attend, at Sadler's Wells Theatre. Mozart's *Figaro* (sung in the English version) shares the week with last term's most acclaimed double-bill of Rossini's first opera, *La cenerentola*, and Verdi's *Macbeth* and *La traviata*.

In the double-bill of Rossini and Verdi, the former brought against the same country house interior, the former brought forward two promising sopranos, Jennifer Higgins and, more polished, Myra Morimoto. "Ten Belles" was the real discovery, a spectacular comedy about a widower (Kim Begley, a skilful character actor with a decent singing voice) intent on marrying off his 10 daughters.

There is delightful music in the Johann Strauss vein, military and national costumes for the girls, song, dance, drill and formation marching, an amusing English script by Don White and George Hauger, and a spirited production by Tom Hawkes. Plenty of comic and musical talent was on show notably from Judy Pearl as the pretty housemaid, Elisabeth Striding in a Scottish number, and Ian Smith as the prospective suitor.

*Figaro* is given a straightforward production by Johanna Peters, good on clarity and pace of action, short on natural deportment and movement, short too on keen characterization. The Count and Countess, Cherubino too, looked ill-at-ease in their unbecoming costumes; Figaro behaved like a puppet. Yvonne Egan had the measure of Susanna and dominated the drama as she should, singing with charm and confidence, and treating the last finale as seriously as her piece, "Deh vieni," which precedes it.

Andrew Hambley-Smith, the Almaviva, made a good vocal impression as did Brian Scott in much of *Figaro*'s music. Eileen Hulse, excellent sweetness and capability, as Barbarina incline to do. Marcia Swanson and Gabriel Sadeh justified the inclusion of their optional last aria. Applauders were for once, pleased and welcome. Vilem Tausky conducted sagely, not always watched by his singers, who would often have preferred to hurry.

William Mann

Some of the reviews on this page are reprinted from yesterday's later editions

4 JUNE - 4 JULY 1981

**HAVING A BALL!**

WATERLOO

Lyric Theatre-Hammersmith

01-741 2311

## Theatre

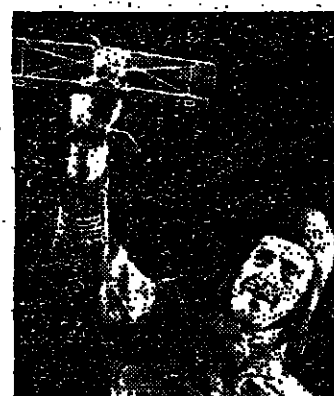
### Billy Bishop Goes to War

#### Comedy

This Canadian two-hander richly deserves its transfer from the Edinburgh Festival to the West End, but a second viewing strengthens my doubts about the story in itself and John Gray have to tell as well as my admiration for the skill with which they stage it.

A tribute to Canada's First World War flying ace, it tracks Billy Bishop's transfer from his miserable start in the cavalry to his transfer to the Royal Flying Corps, where he outdid the ace British pilot, Albert Ball, by bringing down 22 German planes before being loaded with medals and pulled out of action by a high command who feared that his death would injure the morale of Britain's colonial allies who "have a morbid enthusiasm for life".

Billy, it seems, took to flying mainly to get out of the mud, and never became a particularly proficient pilot. What he did do was to become a killer instinct, and much more powerful than any of the restaged dog-fights is the sight of the erstwhile greenhorn falling in a mess armchair and holding forth on the arts of slaughter. That is one thing that



Eric Peterson

happens to him. The other thing is his brief spell as a lion of London high society, decorated by the King, and Captain Bishop, you've been a "lucky bugger" and waiting the nights away under the palace chandeliers. From first to last, he is treated as a colonial roughneck who has to be taught his place; and, just as he obeyed the order to swallow a spider during his basic training, so he obeys the orders of his titled patron, to act in a manner becoming a national figurehead and to keep his appointments with his "betters" (such as Lord Beaverbrook). The show presents these facts, but leaves the questions

they raise entirely untouched: not only the public question of imperial arrogance; but the personal question of why Billy swallowed such treatment without any apparent resentment. At the end, you do not know whether the war is supposed to have made a man of him, or whether even that experience has failed to dispel his sense of cultural inferiority. Mr Gray, narrator, pianist, author, and composer of the show, is not equally effective in all departments. He slips many an occasion for ironic contrast between comradeship at the front and frosty patronage in Portman Square; and he has an unhappy taste for jargon talk in the style of R. C. S. Service. Musically he is a most sensitive and resourceful accompanist; and some passages are superbly constructed. A section on survival, for instance, combines the birth of Billy the Killer with his letters home, French night-club song, and the sounds of warfare, all achieved within the structure of one prolonged number. Mr Peterson, a slight figure in old cavalry breeches, plays the hero and 19 other parts, some distinctly more successful than others. He is at his best with idiot British establishment, and it is a pity that his innocent Billy does not see more of what his alter ego is getting up to.

Irving Wardle

### A Respectable Family

#### Shaw

It would be in keeping with the spirit of the National Youth Theatre if its home base, the Rose Bruford College of Speech and Drama, were to become a theatre for all Britain's young theatre: a metropolitan venue for children's companies and acting schools, open to the regular challenge of professional work and standards, but maintained for the benefit of young actors. Of course, subsidy and young people are incompatible in the present philosophy of the Arts Council. It is instead private determination that brings the Rose Bruford College of Speech and Drama into the Shaw with production of a rare Gorke, *A Respectable Family*. That sort

of choice is always a sensible challenge to his own, an agitated force that overcomes the gloom of the play by a man, the original direction is by a man and the somewhat revised production for London is by another man. Men know that there is a world where women meet and men may not intrude, and Anthony Minghella's play slides into that area with a great deal of conviction. The battle cry of one of his characters is "If we ever had a union the world would stop dead", and she is talking about the monstrous regiment of women united against the male half of the world. Another of his characters, the most blatantly heterosexual, dismisses men with the sentence: "It feels like lust, but it's loathing really."

There is a hectoring element to those early utterances, a demonstration of the feminist ideal perhaps. That disappears as the characters become friends, united around a single woman who has chosen to bear a child rather than have an abortion, although her male lovers have abandoned her, as has her father.

With good performances from the company of seven women, the play overcomes the imbalance of equal characterization, with lesbian teacher, unwed mother, young wife and free-loving hippy all allowed to develop when the story could do with more concentration. The seriousness of bearing, and giving away a child is finally stressed by Michele Copey's performance, but the colouring of its darker emotions comes from Carol Leader, who reveals an equally painful wound that never healed.

Ned Chaillet

### Whale Music

#### New End

Even more than the play, the reinvigoration of the Theatre at New End is a salutary event. Although it was a mortuary for many years, the threats to the life of that theatre have been entirely unreasonable, and New York theatre has thrived for years on the support for such venues. Perhaps the unseemly hours of a mortuary account for the new intention to establish a reputation based on late-night performances, but the opening production is more in keeping with the recent past. The studio of the Leicester Haymarket Theatre has provided several of the most adroit transfers into the space, when it was not creating its own. *Whale Music* is a contribution,

people who rebel against the rigid stance of an ageing father, the head of the respectable family. With a more direct response to the irony of the title, the production would move more lightly through Gorke's picture of changing mores. The characters who offer some contrast to the enclosed misery of the family, the son, the drunken philosophizing lodger, the quaint old vagrant who comes to tea — could boost the energy and make the play more obviously the precursor to *The Lower Depths* which it is. It is due a more mature production, and it has distinct values as a text, although I wish the provocation of Jean Benedetti's adaptation was more clearly credited.

Ned Chaillet

## Checkmate

### Covent Garden

A Royal Ballet anniversary season without revivals of the founder's ballets would be unthinkable, and while regular ballet-goers might prefer the modernist *Les Ballets de la Scala*, the *Royal Ballet* is the only one in the country to offer a repertoire of the Sadler's Wells Royal Ballet, to spurn *Checkmate* when danced by the company. The company brought to it on Wednesday

night would be truly wrong-headed. True, it is very much a period piece, but a very good period piece. McKnight Knaff's designs still make a strong effect, and de Valois has provided some really meaty roles, which the Sadler's Wells dancers make the most of. And here, after a score stands up remarkably well too, nicely played by the Covent Garden orchestra, conducted by Barry Wordsworth. The Red Knight was one of the most interesting roles, and he now brings a greater authority to the clean-

## Manning/Guy

### Spitalfields

"Well met by moonlight" was the title of the most off-beat of six volumes in this *Manning/Guy* Spitalfields Festival. Spotlight rather than moonlight, to be precise, but in any case Hawkmoor's splendid Christ Church (its renovation still progressing) was the scene of a grandeur in the dark; Wednesday's late-night concert ended just after midnight.

The programme was of pieces for solo voice, and it was many of them, receiving their

first London performances, from Jane Manning and Barry Guy. Manning was a common theme and the nightmare world of *Pierrot Lunaire* was never far away. Most striking of all was Richard Rodney Bennett's *Missa*. This was a work, written in 1972 for Jane Manning. For this sinister Baudelaire setting, about evil influences preying on a small child, Manning's performance was really as her voice rang thrillingly round the church.

Barry Guy, too, was required to produce tone in unorthodox ways; his contribution throughout was dynamic and he had the courage to himself in Hubert Stuppner's *Ausdrücke*, Rondo

which she always does superbly. The programme began with Nigel Osborne's *Madeleine de la Sainte Beanne*, whose text, dealing with the penitent Magdalene, is in Latin, Hebrew, Greek and Arabic. Using a wide vocal range and unconventional percussion instruments, Osborne's piece reaches a hysterical climax; the intensity of Miss Manning's performance was really as her voice rang thrillingly round the church. Barry Guy, too, was required to produce tone in unorthodox ways; his contribution throughout was dynamic and he had the courage to himself in Hubert Stuppner's *Ausdrücke*, Rondo

for a clown. Another neurotic piece, this, in which the performer, dressed as a clown, practises his instrument compulsively, competing with its sound on tape. All performing musicians will have found moments they identified with, but the piece as presented by Mr Guy is too farcical to be realistic, yet too manic to be amusing. Other works were by Anthony Gilbert, Edward McGrou (Moor Songs) and Colin Seams (Sir Mithelabel Magpies), the last striking a more successful chord of humour.

Barry Millington

## Books

# Unparalleled historical source

On Wednesday we recover from oblivion the lost moment of Tudor England. The *Lisle Letters* are being published in six volumes by the Chicago University Press after almost 50 years of compiling and editing by Muriel St Clare Byrne, who had her eighty-sixth birthday on May 31. Muriel St Clare Byrne has been dead for four and a half centuries seem to walk and talk and write to each other again in the dangerous world that Henry VIII bestrode like an untidy Colossus. We have published for the first time an unparalleled source for sixteenth-century social and political history.

Arthur Plantagenet, Viscount of Lisle, was the illegitimate son of Edward IV. In 1533 Henry VIII appointed him Lord Deputy of Calais, England's last holdout in France. The elderly Plantagenet took with him his second wife, Lady Honor. For the next seven years every detail of their public and private lives was conducted by letter. All political acts had to be documented, because without a record one might be assumed guilty of negligence or worse by the suspicious king. But estates had to be run, food had to be bought. Lady Lisle's seven children by her previous marriage had to be educated and placed in the world; friends had to be cultivated; and news of what was going on back home in the safe-tethered court had to be passed. For seven years letters were sent almost daily between Lisle and his father, Arthur; his dear bedfellow, and their confidential agent and man-of-all-work and gossip, John Huse.

The paradox about the *Lisle Letters* is that they give the most vivid picture of life at the top in Tudor England because the Lises were expatriates in Calais, and had to do everything by letter. In 1540 Lord Lisle was

accused of treason, and the whole correspondence was seized by order of the tyrant king. Since then the 3,000 letters have been kept in 18 volumes known as State Papers, III in the Public Record Office, seldom disturbed except by diligent Tudor historians on coming expeditions, and unknown outside the small circle of scholars.

Muriel St Clare Byrne first met traces of them in a nineteenth-century selection of *Letters of Royal and Illustrious Ladies*. She met them again when working on her edition of *The Letters of King Henry VIII*, and decided that they deserved a wider audience. Miss Byrne was a bright young woman, a graduate friend and literary executor of Dorothy Sayers, and about to be prolific author and writer of plays. For the next 50 years she kept herself by teaching at the Royal Academy of Dramatic Art, lecturing and writing to make time for the Lises. She lives in a terraced house in St John's Wood, with Tudor books and papers piled in haphazard heaps wherever there is a surface to be covered by her favorite past worn threadbare.

The splendid old lady retains the enthusiasms of the Somersetville gal: "I laughed like a drain when I saw they had bound the letters in red, white, and blue with a touch of gold. . . Letters are not my own favourite form of writing, I never write one if I can avoid it." In 1941 T. S. Eliot signed up the monumental project for Faber & Faber. Miss Byrne imagined that the Lises had been evacuated to a place of safety with the other important state papers. Towards the end of the war she learnt that they had remained in the PRO throughout the Blitz, on the grounds that they were domestic state papers, and ran home crying with relief.

Philip Howard

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# How Mitterrand views himself and the world

In his first interview since his election, the French President talks to James Reston

Reston: In some parts of the West at present, including the United States and Britain, there seems to be a political move to the right. In France you have seemed to move to the left. Is that a problem?

President: I don't believe this should present a problem. One cannot always agree on everything, at least not before discussing things. One must first define one's aims. If one's aim is to do all in one's power to safeguard peace, if that requires being able to negotiate without jeopardizing one's strength, if the world balance of power, if one believes in the usefulness of the Atlantic alliance, if one believes, as I do, in the fundamental unity of our civilization, then we can perfectly well talk among ourselves even if the United States and Britain have conservative Governments. And it is precisely among friends that one can say no.

Reston: It seems almost that whatever problem comes up, it is discussed in East-West terms, whereas your emphasis is on North-South dialogue. Is that a rather serious difference of approach?

President: My position on East-West relations is simple: the defence of peace requires a world balance of power—an obvious statement—and a sufficient balance and situation in Europe. I shall therefore always be in favour of what is required to maintain such a balance. That is why I was the first political leader in France to protest against the installation of SS-20 missiles on the Russian-German border.

When I was running for the presidency, neither the Americans, nor the Russians nor the German Government was very much in my favour. Luckily the French people were of a different opinion.

Reston: You have come to power saying you wish to nationalize more of the French economy. Mr Reagan has come to power promising to do exactly the opposite, to emphasize free enterprise. Is that a problem?

President: Mr Reagan's election

correspond to a basic need felt by the American people to regain pride in themselves to be more assured of their country's worldwide prestige. There was also the need to combat inflation and unemployment.

In France, people felt in the same way the need for leaders who were closer to them, to their worries, to their problems. In that, the two countries are similar, not dissimilar.

Reston: I am not planning to collectivise the French economy. I merely wish to restore to national ownership what belongs to the nation, nothing more. I do not see how this could be a difficulty between Mr Reagan and myself.

At present the share of French production which is nationalized following De Gaulle's action is 12 per cent. My proposals would increase that percentage to 17. General De Gaulle nationalized the civilian aircraft industry but not the military aircraft industry. Is that logical?

Reston: From my reading of what you have said in the past about the Israeli-Arab conflict, you seem to have taken a more sympathetic position toward Israel, and yet, as I understand what you have also said, you do favour a Palestinian state in east Jordan. Can those two ideas be reconciled?

President: I have constantly expressed the same position at all times. In Algiers, alongside President Boumedienne, speaking live on television, I said to the Algerians that nothing would be possible before they recognized Israel's right to exist.

I said the same thing in Cairo, to Sadat, long before the peace treaty. And I have always told my friends in Jerusalem and Tel Aviv that they should recognize that the Palestinians should have a homeland. I am a friend of Israel, and I shall do nothing to endanger Israel's existence nor the means to exist, but I do not think that it is realistic to pretend that the Palestinian problem does not exist.

I know what their objection



President Mitterrand: people in the West must strengthen their faith in their civilization.

as they please, the structures of a state.

I remain the friend of the Israeli leaders because I have always been very frank with them and they know that I would not pursue policies which would harm them.

I was the only leader of a major political party in France to have come out publicly in support of the Camp David agreements.

Reston: Are we getting into

trouble with one another over peace?

President: The rejection of apartheid is important, not only on moral grounds but also on political grounds. I have a fairly good knowledge of black Africa, with which I have had numerous contacts throughout my political career. It would be unwise to encourage practices, such as apartheid, that are liable to cause serious problems for the continent. I would be against all racism. One has to accept the pre-eminence of great universal principles or abandon any hope of making progress in world society.

Reston: Is religion a part of this philosophy that you are talking about, that you feel essential to your secular work?

President: I come from a very religious family. My mother had eight children. She went to Mass at 6 each morning. She kept a diary when she was young, and I still have it. Her family was middle-class, but she was well off. She got up every morning at 5 and spent three hours a day in meditation. She was a friend of François Mauriac in her youth. When I became a student she sent me to see him, and he became my friend. And despite political differences we remained friends until his death.

We come from the same part of France. We have the same landscapes in the mind's eye. We have certainly something religious in common—or rather, a feeling of transcendence.

Reston: In your inaugural statement you issued what I thought was a kind of cry for great plans and about all I felt there was a danger of pessimism in Europe and in the West. Was that what was in your mind?

President: Without being a pessimist, I think I do feel that the West and in the European communist countries there is no guiding thought. We are in a mechanized system in which thinking has become

stereotyped, and in which people have not fully assimilated in their minds and in their hearts the new power of the information media.

Also, because of the economic crisis, most leaders tend to take a technocratic approach, as if life could be reduced to mere statistics.

I am not saying that I will be the one who will contribute to the change, but I do sense the need in the West at any rate, for people to strengthen their faith in their civilization.

In many fields, such as the confrontation between the great powers, no real progress has been made on disarmament or genuine collective security.

This does not make me pessimistic, but it does lead me to hope that a different approach, another way of looking at things, will prevail.

Reston: On a more personal note: you seem to prefer lonely pursuits—writing, reading, and so on. I have chosen a political career which runs counter to a powerful streak in my personality. I already suffer from my personal freedom being curtailed, but yet I have chosen to do what I am doing. I must be more of a man of action than I thought I was.

But I am not going to let my official duties invade my whole life. Man is like a tree, which needs to have its roots in the fertile topsoil. If only the life-giving soil, then there will be nothing but a mind repeating the same things over and over again in a vacuum, without inventing anything new or recovered from the source of life.

Inventiveness requires roots in the life-giving soil. It is by devoting time to solitary thought that I am able to keep my roots in the soil. Failing that, my actions would become sterile, ineffective. I must therefore organize my day so as to have time for thought.

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Frank Johnson

## They know what they like in Warrington

Warrington

We knew we had reached the militant North, for a feminist slogan on a roadside wall explained: "Socialism is not made of Militant North London, that is; Archway Road, Highgate, on the way to the MI."

One had read in *Time Out* about the hard life of folk up there in the Hampshire-Swift Cottage conversation—the lack of adequate crèche facilities for mothers studying psychology with the Open University, and so on. It was not surprising that Mr and Mrs Benn appeared to have support in these parts. Yet the lecturers and documentary film-makers who have historically provided the area with its industrial base are clearly attracted to the Social Democrats. Mr William Rodgers lured a crowd of 600 the other evening. Past row upon row of humble, yet proudly kept houses, furnished in the region's traditional "Habitat 67" materials, we pressed on towards Warrington.

On the journey the radio messages from London were in the air. The Liberals would stand down for a Social Democrat. The Social Democrats were famous. Fame undoubtedly sits on Mrs Shirley Williams and Mr Roy Jenkins, one mused. They would probably know of them in Warrington.

But did the definition include Professor David Marquand? No one doubts his ability. He once wrote the definitive life of Ramsay MacDonald. It was weighty. Indeed, it weighed about half a ton. But is he famous? Well, he looks a little like Alan Bennett. Perhaps that will do.

Later crackling messages received from the capital when we were past the Newport Pagnall service area indicated that Mrs Williams was wavering. She might be Bent and this raised the possibility of Mr Jenkins. That in turn raised the possibility of an epic confrontation between those famous, drawing W-sounding Rs of his, and the equally picturesque speech of the people of Warrington. Mr Jenkins would stroll grandly around the town expressing the view that such and such a problem was a "sewers martyr".

The locals would be baffled. Who was this unknown hero of the local public-health department? Eventually it would dawn on them that what he meant was that it was a "serious matter". In turn, they would express the view that he sounded a "daft bugger" to rhyme with "daft sugar".

The hygienic quality of Warrington for all who believe in fostering mutual misunderstanding between voters and politicians.

Once you touch Manchester or any of its satellite towns you are really in Lancashire. The local public-health department, published in 1934, "Why Lancashire should have become almost the official accent of music hall humour is something of a mystery. . . . But that rather flat but broad-woulded speech—much less attractive, to my ear and mind, than the companion speech of Yorkshire—is admirable for comic effect, being able to suggest either shrewdness or simplicity."

It lends itself, too, to ironical under-statements. . . . Priestley praises the region's "impish delight in mocking whatever is thought to be affected and pretentious" but then warns that such an attitude means that people "may miss a lot by always being in a mood of assuming affectedness. . . . Swagging bad poets, for example, would have a wretched time of it in these parts, but so too would really good ones."

What, then, do all these rather flat, broad-woulded, shrewd, simple, ironically under-

stating, poet-bashing music hall comedians think about a Social Democratic candidate at their forthcoming by-election? In so far as random conversations can ever be a guide in these matters—and what other guides are there?—the clear impression emerged that all possible Social Democratic candidates would be regarded as essentially poets. That is to say, unusual, airy-fairy, southern.

One concludes that people are not necessarily at their considered best when approached in the pub by a total stranger from the South and asked their opinion about inter alia some one called Professor Marquand. But, for example, Mr Nicholas Taylor, a young optician, and his friend Desmond, also an optician, sounded eminently sensible in the lounge of the Lord Daresbury.

He did not seem to have heard of the professor. Worse, "most of our patients don't really know who Shirley Williams is," he said. If she wasn't Labour she wouldn't get the vote. Desmond, who was a Labour, so would most people. They think Labour is the party that gives them the benefits.

He himself had noticed that, when Labour were in, he got more business—more benefits, more patients. But what about Mr Foot? He had heard of him. Desmond interjected to say that Mr Foot was regarded as "a geriatric joke" and Mr Benn was not particularly popular. But that did not make any difference. People's loyalty was to "Labour".

Next, one sought the opinion of Mr Harry Rigby, the chairman of the distillery which makes Viadur, that brew which made Warrington famous that even before the war became the object of the Social Democrats' determined vilification. He was a Warringtonian and looked the part—solidly-built, cautious, knowledgeable about Rugby League. Would I care for some Viadur? Certainly. What was he having some himself? "No, not my drink. Bitter's mine, an occasional whisky too." Nothing wrong with Viadur, mind.

He thought Mrs Williams would do rather well. She was an intelligent woman. But of course Old Labour would deplore Mr Rigby's view was representative of Warrington's ruling class.

On the crucial question of who would win, it did not differ from that of the masses—though there was disagreement as to Mrs Williams's qualities. The Bull's Head in Church Street, no one denied the intelligence of those politicians; they just did not attach importance to it.

People were more interested in the fact that I had met Mr Rigby, for Viadur is a controversial subject—being regarded as an essentially effeminate substance made from the South. I ventured that, in fact, vodka was associated with masculinity in places like Poland.

But this isn't bloody Poland, said a drinker, with some of that deflating shrewdness noted by Priestley.

It is a difficult prospect for the Social Democrats. The local Labour Party is not going to oblige by putting up a Bennite or anyone especially raving. Because of the diversification of the area, no single union dominates the local party selection process. Unlike a few miles away on Merseyside, there are few of those rancorous Trotskyites.

Admittedly because it already begins with a W, Mr Jenkins will not sound long when he pronounces "Warrington." But if he does fight the seat he will be a much braver man than a lot of us have so far credited him and will deserve endless credit in the future.

David Watt

## A setback or a stepping stone for Benn?

So Tony Benn has had his come-uppance. Or has he? At the risk of being a death's head at what is a very considerable feast, I must say I am not so sure as the great majority of the Parliamentary Labour Party appears to be.

Of course Michael Foot is better off than he was on Wednesday morning, not least because he has actually done something instead of appearing to sit around allowing Mr Benn to wrest power from his nerveless grasp, and so forth. He has reasserted his leadership, presented his allies with some powerful arguments and some splendid gibes (that one about Mr Benn wishing to turn the House of Commons into another castrated House of Lords is particularly felicitous) and, for the moment at least, he has recaptured the initiative.

However, to assume that this is anything like a knockout blow is to misunderstand the struggle for power in the Labour Party and the extent of Mr Benn's success in it.

The Benn strategy, clearly, is in three parts. The first is to tilt the balance within the party sharply away from the House of Commons towards the extra-parliamentary centres of power—particularly the conference and the constituency parties where his support is greatest.

The second is to enhance his strength in these centres and especially to pick up more support among the rank and file of the trade unions.

The third stage is gradually to tighten his hold on the parliamentary party through the new reselection procedure for Labour MPs and by the imposition of a left-wing manifesto on the party.

At some point on this route the leadership ought to fall into his lap. The deputy leadership is a useful stepping stone on this path, but no more. The present contest fits in neatly with his efforts to improve his standing in the union movement, and if he should win he removes a formidable right-wing obstacle to progress in the shape of Mr Hesley. But even if he should lose the race this year (unless he loses ignominiously) he has plenty of time, and the underlying shift can continue.

Any plan for destroying this strategy should certainly start with a strenuous attempt to prevent Mr Benn being made deputy leader in October. This means that he must immediately be discredited among the trade union rank and file, for if he captures firm support in that sector of the party as well as in the constituency parties there will be no stopping him.

But the counter-attack has to go far deeper than that. For so long as the balance of the party constitution remains so heavily weighted against the parliamentary party, the underlying situation must remain favourable to the left.

In other words, Mr Benn has already achieved the first phase of his strategy and is now embarked on the second. He can be permanently checkmated only if his constitutional successes are reversed—that is, if the Conference rescinds the new procedures for electing party leaders, and selecting parliamentary candidates.

Does Mr Foot's coup de théâtre on Wednesday set this counter-revolution in motion? It certainly helps that the leader



Mr Foot and Mr Benn: gibes but no knockout.

has given clear notice that he will fight against the Bennite proposal that the parliamentary party and leadership should be deprived of effective influence over the revising of the manifesto. But he has given no indication of determination to push back into the terrain that has already been lost. A blistering scorn for Mr Benn's treatment of parliamentary democracy, however well justified, will not necessarily have any effect on the party outside Parliament—particularly on the unions, which Mr Benn is wooing so assiduously.

Let us look at the matter, for a moment, through the eyes of the average shop steward of the Transport Workers (a key figure on the scene at present, since the TGWU vote will probably decide the deputy leadership). The attraction of Mr Benn's pitch to such a man—may not be more than a mildly left-wing and probably cares little about Northern

Ireland or the Trident—is that in one important respect Mr Benn is telling the truth and Mr Foot is not.

The fact of the matter is that the existing Shadow Cabinet really cannot be "trusted" to adopt the kind of left-wing economic policies that the Labour Conference, or even the DUC, are enjoining. Nor can it be "trusted" to take Britain precipitately out of the Common Market. Whatever one may think about Mr Foot's personal position in the political spectrum to date, the Shadow Cabinet has been for years, and remains, predominantly a centre-right body. The deputy leader himself is a right-wing centrist figure who, as a friend will remember mainly as the architect of monetarist economics and an incomes policy.

When Mr Benn comes along and says that this unreliable bunch of middle-class revisionists needs to be kept on the

socialist straight and narrow, the prescription is unlikely to be received in the present mood; and when he says that it is Denis Healey who needs to be defeated, and not Michael Foot, he is merely stating what to any left-of-centre trade unionist is absolutely obvious.

If this is a common perception, it does not leave Mr Foot much ground for his famous challenge. The rank and file member outside Parliament cannot be expected to take the question of the internal discipline of the Shadow Cabinet terribly seriously. He could not perhaps be expected to know A. J. Balfour's description of the "irreconcilable difficulties" of the Conservative Shadow Cabinet in 1911: "Had it been a real cabinet . . . either the dissentient minority would have resigned or they would have been silently acquiesced in the decision of the majority. There could of course be no question in the case of the shadow cabinet of resignation. There has certainly been no silent acquiescence."

However, it requires only a moderately good memory to recall that the entire right wing of the Shadow Cabinet voted with impunity against the Labour Party in the great Common Market debate in October 1971. And in the present case the extra-parliamentary conclusion is likely to be that the untrustworthiness of Mr Benn's cabinet is a reality, not a minority of one, that he is probably ought to have resigned as Nye Bevan did on a similar occasion in 1954, but that if his behaviour was as dreadful, Mr Foot should follow Sir Harold Wilson's advice and get him specially booted

off the committee by the parliamentary party.

In short, one cannot avoid the feeling that Mr Foot's statement addresses the wrong audience in the wrong way. The parliamentary party, which appreciates the reality of the Shadow Cabinet point, does not, on the whole, need to be harangued on the subject of Mr Benn. The constituency activists are our for power and are not going to be deflected whatever Mr Foot says.

The swing "voters", especially in the unions, are not going to be impressed by protestations that Mr Foot is as good a socialist as Mr Benn. This is an auction which Mr Foot will always lose because Mr Benn, having no responsibility, can always outbid him.

The only way for Mr Foot to expose Mr Benn as a fraud is to tackle his policies and present a credible alternative. To say clearly and repeatedly why protection and reflation policy, why withdrawal from the EEC would be so difficult, why putting the UK into Northern Ireland is a mistake, why the United States is our most essential ally, and, above all, why our parliamentary system, which imposes several layers of restraint and argument before party demagogues and the facts of reality, is the best way of running a pluralistic society.

Mr Foot cannot do it, even if he wanted to, because he would split the party into shards if he did. That is the message of how far Labour has slipped into Mr Benn's grasp.

The author is Director of Chatham House but writes here in a personal capacity.

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### What's on: GLC cash for a new Time Out?

The dismissed staff of *Time Out*, London's weekly guide to what is on, which has been closed for a month because of a dispute, have been discussing financial and other forms of backing with the GLC for an alternative but similar publication.

Mandy Merck, union negotiator for the staff, says they have had "lots of messages of support" from Ken Livingstone, the new leader of the council. But Michael Ward, chairman of the GLC's industry and employment committee, also confirms that more practical assistance may be in the offing.

"That we would like to help them is clear," Ward says. "It is now up to them to tell us what they want. It could be in the way of a loan, a building or a grant." The GLC had a budget of £5m for job creation but planned to increase that figure greatly.

Mr Merck is that discussions with the GLC and other nameless big-business backers does not mean the *Time Out* staff have lost their commitment to their dispute. "We are delighted that people have made us offers," she said. "We see it as a wonderful safety net. But we are confident we are going to win."

### Chance of fame

I don't expect there are many 10-year-olds reading this, not without moving their lips anyway. But I have news of interest to the younger set.

David Niven Senior and David Niven Junior are joining forces to make a film called *Menage à*

### THE TIMES DIARY

I can't make up my mind who are the more sensitive, the Swiss or the Saudis. In postponing that Harold Robbins film the Beeb are giving a poetising writer a significance he does not deserve. I suggest that when it comes among the Saudis especially, is a Jewish sense of humour.

And not just Brooklyn Jewish either. The good citizens of Basle are still enjoying a gentle chuckle over an advertisement in *Juedische*

*trains* (the au pair will explain). Niven Senior stars, with Art Carney as two-well older men who are left with a 10-year-old millionaire, the daughter of a recently dead very rich lady, a lover of both men. The only problem is: she never knew which was the father of her child.

Under the woman's will, the men must spend the summer with the girl; then she must choose between them, the winner receiving the rest of the fortune.

I can't reveal the ending (not out of modesty, but because Niven Junior, who is producing, wouldn't tell me); but the exciting part for budding Tatum O'Neals is that director Bryan Forbes has yet to cast the 10-year-old. Besides the money, the whole thing will be filmed during the summer between Monte Carlo and St Tropez. I may say that this is the last time this column will pass on such information free of charge. From now on, I intend to claim 10 per cent.

### California calling

Ever since I visited the Napa Valley, north of San Francisco, I have been a fan of Californian wines. In fact, since they got their caskings right, their better bottles have seemed just as good to me as Cabernet Sauvignon, Merlot, Chardonnay, Pinot Noir, and so on. Robert Mondavi is doubtless to be seen by some readers as yet another example of the appalling taste that afflicts this column, along with my preference for Puccini over Wagner, macerated over bacon and eggs in the morning.

So you may imagine my excitement when last night when I found that L'Eclairage, the restaurant in Greek Street, Soho, has become the only place I know which sells American wines and nothing else (save for sherry, port, etc.). Moreover, the pleasure was doubled when I found that Robert Mondavi, the Californian wine millionaire, seated at the next

table.

Mondavi arrived by Concordia this week to promote his wines. His big news, for wine buffs anyway, is that later this month he will auction off the first cask of a wine that has been produced jointly by himself and Baron Philippe de Rothschild. It consists of Mondavi grapes (33 per cent Cabernet Sauvignon, 17 per cent Cabernet Franc) and de Rothschild know-how, but there are plans for a collaborative vineyard in the Napa Valley.

The cask is being sold for charity. Michael Broadbent, MW of Christie's, is flying out to officiate at the auction, and when it comes on the market commercially in 1983 Mondavi expects it to be the most expensive wine California has yet produced.

### More teasers

Four more new teasers. This week, however, the questions are a little easier. The answers appear on the court page today.

1. What do the Aga Khan and Michael Vickery have in common? Who won't be seen on Israeli TV?
2. Who looked as though "she had just stepped out of a shower?"
3. It has been a bad week for pirates. Why?

Peter Watson

### Members of the Wedding (5)

Beside Lord Fatman, Baubles Hamstrung sat. And really, for that table, that was that. The Soameses were all there, Enoch to Emma; The Joneses were there too—Jack, Freddie, Gemma. Tom, James, James-Earl, Ann, David, David Pryce. I hope I haven't put the same Jones twice.

From Charles Charming's *Challenges on the Pathway to* to be published on Monday by Cape at £4.95. Text © 1981 by Clive James Illustrations © 1981 by Marc



# Business contacts

Derek Harris, Commercial Editor, discusses some of the nearly 100 forms of financial aid available

## Small firms overlook chances of help

Central government services and other national ones of potential benefit to businessmen, together with those offered at local and regional level, are myriad. There are nearly 100 different forms of purely financial aid to industry available through government departments or the EEC.

It is hardly surprising that many companies, particularly the smaller ones, overlook chances of help, either financial or operational. Part of the problem is that so many services are comparatively little known. There are exceptions, among them the bank-backed Industrial and Commercial Finance Corporation (ICFC), the many services of the British Overseas Trade Board (BOTB) and the Department of Industry's Small Firms Service. With publicity, inquiries have been soaring.

The BOTB's general export services branch was in touch with more than 10,000 companies last year, a third more than in 1979, and the Small Firms Service has been reporting a 60 per cent increase in the demand for its advice and counselling services so far this year compared with the same period of 1980. It demonstrates how big is the pent-up demand for help.

Next to the local clearing bank the small businessman in search of capital probably thinks next of ICFC, which specializes in loans from £5,000 to £2m. But there are many other sources of financial aid in the public sector ranging from the Council for Small Industries in Rural Areas (COSIRA) and the National Research Development Corporation (NRDC) to the government factories scheme operated by the English Industrial Estates Corporation and aid in particular sectors such as that dispensed by the tourist boards.

Money for Business, an excellent guide prepared by the Bank of England and the City Communications Centre, lists scores of sources of capital from insurance companies, leasing companies and factors, as well as banks, with more than 30 possibilities in the public sector alone from development boards and the new towns, to little-known aids by way of the British Steel Corporation and British Rail.

There is about £750m in government money which a businessman might be able to lay claim to in the various forms of industrial aids and incentives, according to another guide, *Industrial Aids in Britain 1981*, out last month from Strathclyde University. The great number and variety of aids make it hard for companies eligible for government help to know what they can claim, as this guide — an equally excellent one — points out.

It is the first time that so much information has been made available between a single set of covers on all the various forms of aid, which extend from employment grants to capital grants, from low-interest loans to equity finance, from training aids to tax concessions, from factory provision to rent concessions. It is the more comprehensive of the two guides although the Bank of England's more specialized survey is a useful complement.

For the exporter the BOTB's services are extensive. It runs an export intelligence service, a market research scheme, gives advice on individual overseas markets and recently has been involved in a market entry guarantee scheme to help smaller manufacturers to deal with the financial risks and problems of developing new export markets. Its joint venture scheme underpins overseas trade exhibitions and similar promotions and there is also help for trade missions going abroad. It can advise on tariff and non-tariff barriers overseas.

Among aid schemes operated by the Department of Trade is the Overseas Projects Fund under which pre-contract expenses are met when large-scale overseas contracts are being pursued, the aid being repayable only when a contract is won. The Export Credits Guarantee Department not only offers blanket insurance cover for exporters but various specialist services including

cover against cost escalations during a contract period, guarantees on bank financing and cover for investment made in an overseas company. Many trade associations can also offer advice on exporting; so do some local chambers of commerce.

Worth trying for other industrial information and advice are the industrial development offices which many local authorities now have. Where there is an industrial development officer he can often be especially helpful in speeding what might otherwise easily be protracted dealings with various local authority departments. Various regional development agencies can offer advice on a broader geographical front, as can regional suppliers or possible business contacts.

For the small businessman in pursuit of help and advice, whether it is on starting a business or dealing with subsequent operational problems, probably the best first step is to try one of the Department of Industry's 11 regional centres in its Small Firms Service. They are primed to deal with most types of business inquiry from finance and diversification to marketing, industrial training and corporate planning.

There is a counselling service which operates regionally, with 130 or so counsellors, all experienced businessmen — with a range of special skills including accountancy, marketing and production.

The Small Firms Service has produced a number of helpful booklets covering subjects like bookkeeping, management, accounting, the impact of microprocessors on small-business starting, export, and tendering for government contracts. The Department of Industry has also just produced some other pamphlets, one on how to find business premises and another on employing and another on employing people for the first time, covering the many practical problems involved.

Another look at how tax incentives can help, with an indication of what small companies can expect from the Chancellor's latest proposals for a business start-up scheme (aimed at encouraging investors to put money into small companies) and for a loan guarantee scheme that should encourage banks to lend more readily to small businesses.

The British Institute of Management also runs an advisory service for small businesses. A counselling service is also operated by the Institute of Marketing. Apart from COSIRA, there are other development boards in rural areas which tend to deal primarily with small businesses, and include the Highlands and Islands Development Board and the Rural Wales Development Board.

Confidential help for companies with problems or inquiries involving the EEC and its member countries is available from the Department of Industry's EEC Information Unit. *British Business*, published weekly by the Department, regularly includes a selection of answers to EEC-oriented questions when they are not specific to a particular company as well as being a source of other information useful to companies.

The EEC Information Unit has a useful booklet *EEC — Your Questions Answered* and there is a three-part guide covering how the Community works, knowing the market and how to keep in touch for which there is a small charge, the rest of the unit's service information being free.

The Brussels-based Business Cooperation Centre, set up by the European Commission, offers a free service in setting up joint business ventures involving companies in different countries of the community.

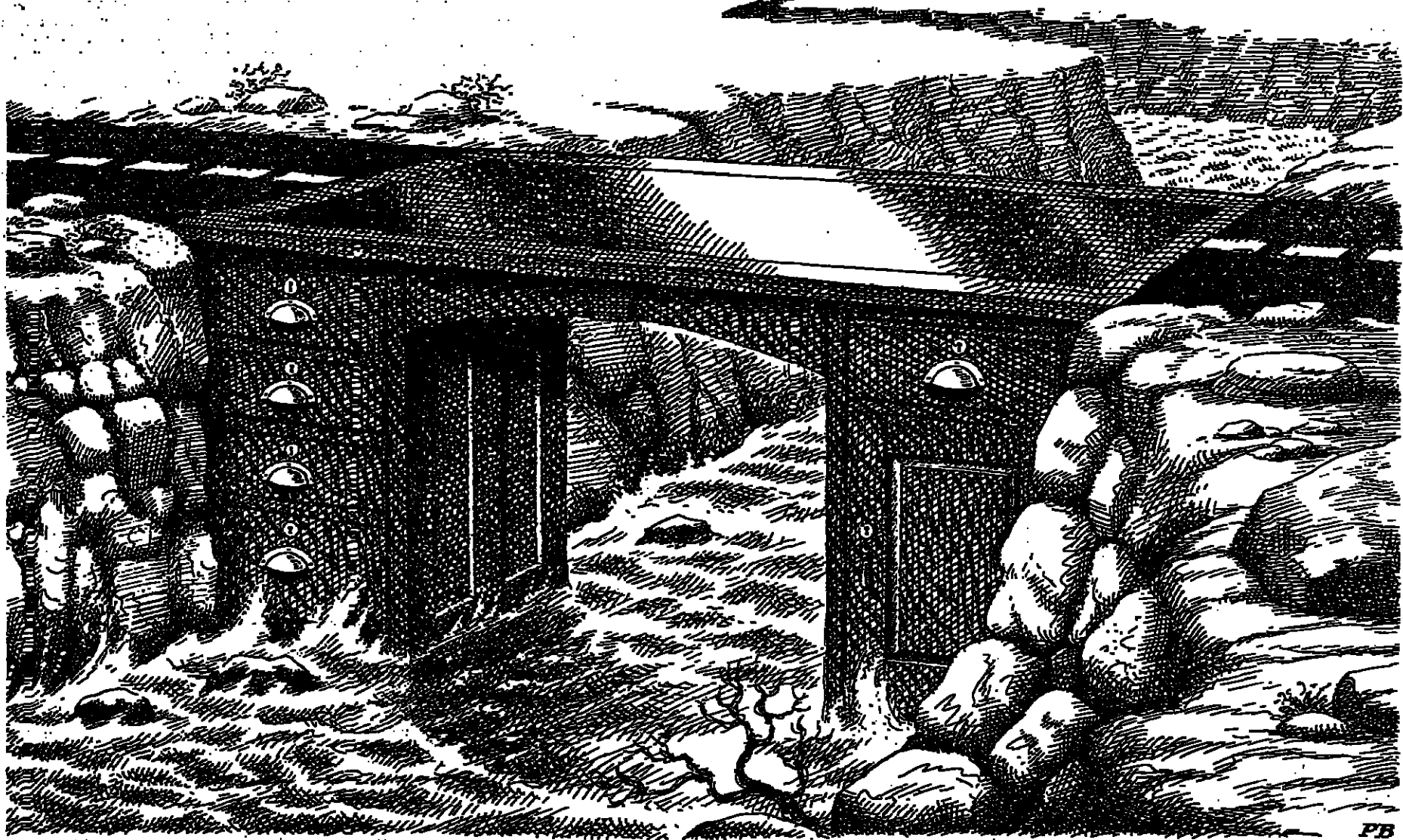
The centre can also help with information on company law in all parts of the Community and on EEC provisions affecting cooperative business ventures.

There are more than 25 different forms of aid available from various EEC organizations, all identified in the Strathclyde guide. They range from help on uranium, prospecting and aid on energy saving to various research schemes of the European Regional Development Fund and European Social Fund aid for schemes such as training and retraining after redundancy.

Money for Business, Bank of England and City Communications Centre; copies from Bulletin Group, Economics Division, Bank of England, 22, Abchurch Lane, London EC4N 3AE (2).

*Industrial Aids in Britain 1981: A Businessman's Guide* by Gera Walker and Kevin O'Connell, published by the Study of Public Policy, University of Strathclyde, Glasgow (£8.95 paperback, £11.95 hardback).

Illustration: Peter Brooks



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While the small or medium-sized company may not need, or be able to afford, national video systems, there is a bewildering array of other technological marvels aimed at increasing efficiency by means of rapid communications.

British Telecom claims to offer a wider range of products for the business user than any other public organization of its type in the world, from the humble answering machine to the most advanced computer data transmission system, British Telecom, now split from the Post Office, says it is updating its equipment which will be of particular value to its two million small business and public national network designed and equipped specifically for the exchange of information.

Perhaps the most advanced of British Telecom's new services is PSS, the first public national network designed and equipped specifically for the exchange of information.

continued on page 11

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Kingsgate House, 66-74 Victoria Street, London SW1E 6SL  
Department of Trade and Industry  
Division  
1 Victoria Street, London SW1H 0ET  
English Industrial Estates Corporation  
Team Valley, Gateshead, Tyne & Wear, NE11 0NA  
Council for Small Industries in Great Britain  
Queens House, Fish Row, Salisbury, Wiltshire, SP1 1EX  
Development Board for Rural Wales  
Ladwell House, Newtown, Powys, SY16 1TB  
Highlands & Islands Development Board  
Bridge House, Bank Street, Inverness, IV1 1QR  
**EXPORTING**  
British Overseas Trade Board Export Services and Promotions Division  
Export House, Ludgate Hill, London, EC4M 7JHM  
Export Credits Guarantee Department  
Publicity Branch, Aldermanbury House, Aldermanbury, London, EC2P 2EL  
**EUROPEAN COMMUNITY**  
EEC Information Unit, Department of Industry  
11th floor, Millbank Tower, Millbank, London, SW1P 4QU  
Business Co-operation Centre  
17 rue Archimede, 1040 Brussels, Belgium  
**SMALL BUSINESSES**  
Department of Industry  
Small Firms Service  
11 regional centres including Wales and Scotland with 50 area counselling offices; dial 100 and ask for national Freephone 2444  
British Institute of Management Small Business Service  
Management House, Parker Street, London, WC2 5PT  
Institute of Marketing, Marketing Advisory Service  
Moor Hall, Cookham, Berks, SL6 9QH

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## The questions to ask on the way to the bank

Borrowing has become so fashionable that it is well to remember that many British companies survive and some even prosper without incurring debts on anything but a transitory basis. They do so by relying on personal capital or by investment by members of the owner's family, and in time by generating surplus cash to put back into the business.

Such prudence is frowned on by those who treat money as a commodity — so much stock to be disposed of — and talk of cash-flow as they would of the philosopher's stone. But when cash ceases to flow, or is diverted to competitors, the business is left with nothing coming in and everything going out.

So the first thing a businessman should ask himself on the way to the bank is whether he really has to have a loan. The second is whether the advantages of having more money will outweigh the problems of paying for it and restrictions on his freedom of action imposed by some form of financing.

The bank is still the commonest source of financial help and advice, whether it be the local branch of one of the big clearers, or the boardroom of a merchant bank.

Loan applicants who have been rebuffed echo the Ogden Nash comment that banks are institutions which lend you money provided you can prove you do not need it. At their City headquarters, bankers will put their hands on their hearts (their suits have the wallet-pocket on the left) and assure you that times have changed. They are willing, may even be eager, to lend to companies which come to them with sound propositions.

There are modest hopes for the government-backed scheme to guarantee loans to small businesses. Since it was announced in the Budget it has been the subject of hand-to-hand fighting between Whitehall and the Treasury. One experienced City man has expected the main influence to have a loan. The second is whether the advantages of having more money will outweigh the problems of paying for it and restrictions on his freedom of action imposed by some form of financing.

could take advantage of it without breaking the law. There is a wealth of literature on raising money — my own favourite is entitled *Debt Collection Letters in Ten Languages* — but if you wish to go to the fountainhead, the Buller Group of the Bank of England has produced *Money for Business* at £2. In a foreword to the booklet, Sir Gordon Richardson, Governor of the Bank, says: "Funds are almost always available for good projects, large or small, but owners and managers may often not be aware of the full range of sources of funds, nor of the means of access to them."

Although it includes extensive lists of providers and arrangers of finance, the booklet suggests that each business should seek a trusted financial adviser for its particular problem. Some of the professional bodies concerned will be found in the list accompanying this article.

One curiosity that deserves to be better known is a provision of the Railways Act 1974. Discretionary cash grants are available to any business that contemplates sending freight by rail instead of road, and is willing to invest in special handling gear and premises. Government grants and loans can be obtained for certain purposes or in areas with special status, but these are best considered in relation to development agencies.

Regional aid is also provided, in loan form, by the European Investment Bank. This has been extended to small firms in assisted areas which require £15,000 to £50,000 for capital expenditure.

Launching this scheme, which requires payment of fixed interest at 14 per cent, Mr John McGregor, the minister, described it as "cheap long-term loan money". Perhaps we should not be too professional in the quest for finance, but should be alert for the unexpected solution. As I was writing this article a letter from a mail order concern arrived

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## Do exhibitions give real returns?

Some companies, particularly large ones, have been convinced for a long time of the value of trade exhibitions, and conferences. About £500m a year is spent on conferences in Britain, a substantial slice oriented towards promotion of trading. There are up to 1,000 trade exhibitions up and down Britain every year, while abroad the British Overseas Trade Board alone was involved last year in helping to produce nearly 300 exhibitions for British industry and commerce, apart from another 200 or so trade missions.

Some industries are heavily dependent on exhibitions: the clothing fashion industry is a specialist case but toy selling revolves, for small as well as large manufacturers, around a handful of exhibitions in Britain and abroad, where in the first couple of months of the year retailers and wholesalers make their basic decisions about ordering for the Christmas trade.

ably and rightly — is the question being asked. Are not the big orders everybody shouts to the media about, as at the motor shows, merely stage managing of contracts that would be placed anyway by, say, the big car fleet operators?

That the answer may be affirmative is merely underlines the flamboyance characteristic of any successful big exhibition. Unfortunately British manufacturers are still learning to be hard-nosed, brash salesmen. An exhibition does uniquely put together in one place and in the space of a day or two a wide spread of buyers and sellers who could otherwise spend far more time, and incur more travelling cost, getting in touch over sample sales.

Mr Maurice Collins, of the London-based firm Silver & Collins & Co., which is organizing The Times and Sunday Times Business to Business Exhibition, is an exhibition organizer who has exploited localized exhibitions as well as the larger national ones. If well-planned, small exhibitions can still attract buyers from all parts of the country and abroad, he says. Unit space can run from £250 to about £400, excluding the cost of the display.

At a recent exhibition in Hackney, London, a local minicab company, relying on a do-it-yourself hand-written display, built up £2,000 a week in business from the exhibition, according to Mr Collins.

Many resorts are improving facilities to attract this level of custom although big, new conference centres such as Harrogate, Brighton and Scarborough as well as the longer-established ones such as Blackpool, also can accommodate small exhibitions and conferences. The tourist boards of England, Scotland and Wales offer guidance on facilities available.

Derek Harris

## Promotion has an enhanced position

The attitude of the business world towards promotion has changed dramatically during the past decade. In the recession of 1973 and 1974, manufacturers after manufacturers looked at their promotion budgets and decided that they were useful during good times but luxuries when the going was bad.

Advertising revenues fell, public relations activity was reduced, and, when the recession was over, it was plain that the result was that sales had also been sent spiralling downwards.

It is for this reason that promotion today holds a much enhanced position in most companies' list of priorities. Advertising has shown that it works; during the 1979 commercial television strike the sales of a number of brand goods actually fell during the period they were unable to advertise on national television.

For any new or expanding company the fight to make

potential buyers aware of its product is as important as making the right goods or producing the right service at the right price. But how does a manufacturer go about choosing the agencies which will help him to promote his product? As far as advertising is concerned, the initial steps are simple.

There are about 750 advertising agencies in Britain. Between 85 and 90 per cent of all British advertising is placed by agencies in newspapers, magazines, television, radio and posters, some £1,700m last year, is placed by the 312 members of the Institute of Practitioners in Advertising.

The IPA represents the collective views of its member agencies in discussions and negotiations with government departments and industry groups, and is a good starting point for anyone looking for an advertising agency.

Two IPA publications should be read by advertisers before they make a decision on which agency to choose. *What advertising does*, which is free, is a brief introduction to the subject which discusses advertising's role in the marketing complex, costs, client-agency partnerships, and what can be achieved from a campaign.

Some suggested provisions for use by agency-client agreements (ES) is a checklist of the details which are likely to be found in the first agreement between an agency and its client.

A new book, *Advertising works* (Holt, Rinehart and Winston, £10), is a good introduction for anyone who wants to understand the

creation of an advertising campaign and the measurement of how successful it has been. The book consists of papers produced for the IPA's 1980 Advertising Effectiveness Awards and details how clients and agencies discussed their needs, formulated an advertising strategy, and, in some cases, produced quite spectacular sales results.

The product areas vary from new and established products, to direct response and industrial and financial campaigns, so most interests are covered.

But when the short list arrives, how does one pick the right agency? According to Mr David Wheeler, the IPA's director, the ideal relationship is one where the agency is treated as a partner, where the people working on the account are in tune with the client's objectives and understand the problems of his market.

or four agencies is decided, the manufacturer might commission, for a nominal fee, presentations on a competitive basis. Advertising agencies which belong to the IPA have to be full service; they have to be able to offer a full range of services to meet advertisers' requirements, from market research and media planning to creating campaigns and design work.

Advertising agencies often have an accompanying public relations organization. Anyone looking for a public relations consultancy could also contact the Public Relations Consultants Association (PRCA) which believes it represents about 75 per cent of the country's agencies. The PRCA publishes a yearbook, price £12, which lists members and the accounts they have held for more than three years and includes a number of editorial articles about what to consider when choosing a PR consultant.

Like the IPA, the PRCA is willing to discuss clients' requirements confidentially and recommend a short list of suitable consultancies. Whether you choose a PR through your advertising agency or go outside, it is important that all the different areas of a promotion campaign are in contact with each other, and that the message they are trying to put across is a coordinated one.

David Hewson

Institute of Practitioners in Advertising, 44 Belgrave Square, London SW1  
Tel: 01-235 7020  
Public Relations Consultants' Association, 37 Cadogan Street, Sloane Street, London SW3 2PR Tel: 01-581 3951

### Contacts:

Exhibitions: Exhibition Bulletin (monthly); London Bureau, 266-272 Kirkcaldy, Sydenham, London SE26 4RZ; by annual subscription £17 (overseas £20)  
Exhibition organizers: Lists and advice from Association of Exhibition Organizers, 17 Gade Street, High Wycombe, Bucks, HP13 6RU

Conferences: No central listing but Association of Conference Executives (ACE) publishes a guide which not only lists organizers but includes many local authorities with conference involvement. The latter could supply details of conference programmes in their area.  
Conference organizers: Buyers' Guide: Association of Conference Executives, 72 Ermine Street, Huntingdon, PE18 6EZ; ES  
Services for conferences and exhibitions (displays, audio-visual, promotional props, furniture): London Bureau's Exhibition Bulletin (see above)  
ACE Buyers' Guide (see above)  
Overseas exhibitions and promotions: British Overseas Trade Board Publicity Unit, 1 Victoria Street, London SW1H 0ET  
Hotels with exhibition and conference facilities: Extensive list from British Association of Conference Towns, International House, 20 Dudley Road, Tunbridge Wells, Kent (about £7.50)  
The British Tourist Authority produces a guide to international conferences in Britain: *International Conference Calendar 1981-88*, BTA, 64 St James's Street, London SW1A 1NF (£2)  
The London Convention Bureau (4 Grosvenor Gardens, London SW1W 0DU) produces free guides to London exhibition facilities and key conferences and trade shows.

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For more information contact Jeff Skinner at Thomson Directories Ltd, Williams House, 37-39 High Holborn, London WC1V 6AA.

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## Watchdogs ever alert to safety first

All people at work — whether they are employers, employees or self-employed, manufacturers, suppliers, designers and importers of materials, or people in control of premises — have legal responsibilities under the Health and Safety at Work Act that came into force six years ago. In practice, the onus for these regulations falls mainly on the employer.

So another part of the modern businessman's skill is obviously to be acquainted with the sort of activities that are covered by the health and safety provisions. At the barest minimum, a pamphlet called *A guide to the Health and Safety at Work Act* should be on that vital reference shelf which ought to be regarded as necessary to a business venture as the insurance policies for fire, damage and third party risk.

At a first glance, the laws on health and safety may appear to be appropriate for large industrial and commercial enterprises, probably with a safety committee of management and trade union representatives. This is far from reality. But the true position is apparent only by examining how the bureaucracy which supervises this service, the Health and Safety Executive, is organized.

When the legislation was reformed to create the executive, a number of organizations that were scattered through government departments were brought under one wing. They are the safety inspectorates called agriculture, alkali and clean air, explosives, factory, mines and quarries, and nuclear installations.

The best way of demonstrating how one of these inspectorates might have an influence on a small enterprise is to give an example. A typical situation would be the issuing of an improvement notice to a small specialist engineering workshop by a factory inspector.

The reasons given on the document might say that the direct gas-fired evaporator in the paint shop is not fitted with suitable explosion reliefs. An appeal can be lodged to an industrial tribunal. Failure to make recommended safety changes makes a company or individual liable to a £1,000 fine for this particular offence and a further sum of up to £100 a day if an offence continues.

Similarly, prohibition notice issued by the Agricultural Inspectorate to a farmer might specify the dangers to employees of electrical equipment.

The law requires employers to prepare a written statement on safety policies in any undertaking employing more than five people. And the regulations specify clearly the difference between an "undertaking" and an "establishment".

A businessman operating a number of small establishments, each employing less than

five people, is liable to prepare a policy statement. It might be interesting to discover how many organizations employing more than 500 people have such a statement.

Moreover, the obligations of the employer extend beyond his own workforce to cover outside contractors, workers employed by them and to members of the public, whether within or outside the workplace, who may be affected by the activities of the business.

This sort of things covered by the last group, for example, to risks to the public outside the premises from fire or explosion, from falls of unsafe structures or from the release of harmful substances into the atmosphere.

This is only the merest outline of the topics covered under the health and safety laws which deal individually with all the cognate areas of industry, specific health problems, and items such as the notification of new substances, regulations, noise, packaging and labelling of dangerous materials, and conveyance by road.

*A guide to the Health and Safety at Work Act*, from the Stationery Office, £2.75. The headquarters of the Health and Safety Executive is: 1/13 Chesnut Place, London W2 4TF. Tel: 01-223 3456.

Pearce Wright  
Science Editor

## The agencies that matchmake for areas and industries

The really thorough office armed with the local variant of inducements to a business looking for a site or a stimulating new investment — some would say too many, and would welcome stability in the incentive scene. The most spectacular should be in operation in a few weeks.

Average weekly earnings are highest in the south-east of England and lowest in the south-west, according to figures issued by the Chartered Institute of Public Finance and Accountancy. But studies undertaken by the Cambridge Department of Applied Economics show that earnings of manual workers in the regions of the United Kingdom are converging, so that savings in

labour costs by moving may eventually disappear.

In this respect Scotland has roughly drawn level with England. Apart from North Sea oil, wage rates have been influenced by the multinational companies which have moved into Scottish manufacturing. There may be other considerations for the businessman, such as the productivity and skills of the available labour and the rate of turnover in staff.

Scotland, Wales and Northern Ireland all have their own development agencies. If British industry was growing as fast as the agencies and pressure groups intent on helping it,

the boom would be upon us. Some rationalization seems necessary to replace the present rivalry between regions and even neighbouring towns. Unhappily, if a coordinating body were introduced, it might mean further procrastination in deciding on applications.

An official of the Economic Development Corporation of the West German state of North Rhine-Westphalia told me recently that he has 150 different packages to offer businessmen setting up there. We British have not reached that stage yet, but we will.

P.O.L.

**Contacts:**  
FOR REGIONAL AID AND INVESTMENT AID  
Department of Industry  
Industrial Expansion Team  
Abell House (room 435)  
John Islip Street  
London SW1P 4LN  
Tel: 01-211 6486

There are local offices in Newcastle upon Tyne, Manchester, Leeds, Birmingham, Nottingham, Plymouth, Bristol and Kensington.

Welsh Office Industry Department  
Block 2, St Agnes Road,  
Government Buildings,  
Cardiff CF4 4YL  
Tel: 0222 62131  
Local office at Colwyn Bay  
Scottish Economic Planning Department  
Alhambra House

45 Waterloo Street  
Glasgow G2 6AT  
Tel: 041-248 2855

FOR NORTHERN IRELAND  
Department of Commerce  
Chichester House  
64 Chichester Street  
Belfast BT1 4JX  
Tel: 0232 34488

FOR NATIONWIDE AID  
FOR GENERAL INDUSTRIAL INVESTMENT  
Department of Industry  
Industrial Development Unit  
Kingsgate House (Room 336)  
66-74 Victoria Street  
London SW1E 6SJ  
Tel: 01-212 0640

FOR ENTERPRISE ZONES  
Department of the Environment  
ICDI  
2 Marsham Street  
London SW1P 3EB  
Tel: 01-212 3434

OTHER ADDRESSES:  
Scottish Development Agency  
120 Bothwell Street  
Glasgow G2 7JP  
Tel: 041-248 2700  
Welsh Development Agency  
Treforest Industrial Estate  
Pontypridd  
Mid-Glamorgan CF37 5UT  
Tel: 044 385 2666  
Association of British Chambers of Commerce  
Sovereign House  
212A Shaftesbury Avenue  
London WC2H 8EW  
Tel: 01-240 5831  
Commission for the New Towns  
Glen House  
Stag Place, Victoria  
London SW1E 5AJ  
Tel: 01-828 8631  
London Enterprise Agency  
89 Cannon Street  
London EC4N 3AB  
Tel: 01-236 2676/77

## Have you joined the revolution?

continued from page 1

two, is installed in 80 offices in London and Scotland. Using the latest in microprocessor technology, the central switching equipment is housed in a box no bigger than a filing cabinet and the operator's console has touch-sensitive keys, an alpha-numeric display and numerous memory-controlled functions.

In addition, British Telecom is to start next year a high-speed desk-to-desk message service. Users will be able to type letters, internal memorandums and other messages, such as retail shops, then relay the correspondence directly to the recipient over the telephone network.

Away from the wonders of the microchip, the Post Office itself offers a number of special services for businessmen, including Datapost, by which urgent packages of up to 1kg are delivered throughout Britain overnight, and Intelpost, the public facsimile transmission service linking 18 towns and cities in Britain and some 100 in the United States and Canada.

For an extra £1.25, letters and packets can be delivered anywhere in the world by Swiftair and normally at least one day in advance of normal air mail. In London and 27 important provincial towns the Post Office has introduced Expresspost which offers rapid collection and delivery service by messenger for letters and packages. To compete with the growing number of private delivery services, the Post Office has just brought into operation a fleet of radio-controlled motor cycles.

Other Post Office services include the Business Key and Freepost, a redirection service for direct response advertisers using television, press, radio or direct mail, and various discount and incentive schemes.

Businessmen should be aware, for example, that a mailing of 5,000 second-class letters qualifies for a 25 per cent discount rising to 35 per cent for a million or more.

For the really urgent delivery of small parcels, needed by the recipient within a few hours, British Rail's Red Star package service should not be forgotten. The scheme, which earns British Rail £32m a year, is based upon parcels sent from and collected from 900 principal railway stations and the parcels are transported on inter-city passenger trains.

A Sky parcel sent from Oxford to London costs £3.50 exclusive of VAT and at the owner's risk. On the same basis, two parcels of 3kg and 10kg travelling from Carlisle to London cost £8.85.

**Edward Townsend**

**Contacts:**  
British Telecom services  
Information from any local telephone sales office  
Datel and Dataplex  
Freephone 2170 or 01-432 1813  
PSS Marketing  
1 Swan Lane, London EC4R 3TH  
01-357 4061  
Datapost  
01-432 1919/20  
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If you'd like to know more about any of the Royal Mail Special Services, write to Dona Selby, FREEPOST, Room G09, Postal Marketing Dept, 22-25 Finsbury Square, LONDON EC2B 2QQ (no stamp required).

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## TIME FOR A STERLING POLICY

The exchange rate of the pound sterling is on a roller-coaster again. It is not a sensible place for it to be. This is not quite the vertiginous seventies when the pound opened beneath one's feet whenever there was a trade union conference, but yesterday's fall of more than 7 cents against the American dollar is the biggest fall for two and a half years. It comes against a background of increasing volatility in the foreign exchange markets and there is a strong likelihood of further pressure on sterling over the weeks and months ahead, especially if the price of North Sea oil has to be cut.

The Government's attitude to the exchange rate has bordered on the mystical, nothing can be done about the wondrous workings of the market place. It has several times denied the existence of the possibilities of intervention to reduce the inflated value of the pound sterling. That has been unfortunate but it will be as well for the moment if the laissez-faire attitude persists just a little longer. It is demoralizing to politicians and to others, when the exchange rate declines, when sterling is over-valued by more than 30 per cent. Its inflation has been pricing British goods out of world markets and British workers out of jobs, and that dismal process would only be accelerated if interest rates were raised now in defence of the pound. The Chancellor could kiss goodbye his hopes of an export-led revival and a reversal

of the calamitous fall in industrial investment. In the immediate future, therefore, the best response to the downward pressure on sterling is to do nothing.

There is, of course, an inflation cost in abstention. But there is no escaping that at some point. We have to pay for the domestic inflation which occurred in the early months of the Government's term in office when wages rose rapidly at a time output was falling. The rise of sterling concealed the inflationary forces which this created but it did not get rid of them. Time is out of joint. What is now required is a policy for the exchange rate which will relate it more closely, and in more orderly fashion, to our economic performance. There was never any justification for a 50 per cent appreciation of the pound against the dollar. Floating rates have been a nightmare for exporters. Over the past five years they have seen the pound at \$1.60 and at \$2.40 and they are now seeing it fall towards \$1.90. Even the Westcoasts of the world cannot be expected to cope with fluctuations like that.

Both the Chancellor and the Prime Minister have shown some signs of realizing that the roller coaster is bad for trade; they must now perceive it is corrosive of confidence and singularly ill-timed in its downward swoop. It is no use expecting the Americans to ameliorate matters by lowering their interest rates, damaging though an interest-rate war is

and unproven as is a high interest rate in the fight against inflation. The Europeans have lectured the Americans for too long about putting their house in order to be given much credit in the complaints now. One can only hope the high American rates will not last for long and in the meantime we must develop a sensible policy for currency. The first necessity to recognize is that the floating rate can be moderated in its erratic behaviour by interest rate policy, the sale of sterling bonds and other measures. The second necessity is to establish the criteria to be used in deciding on a sensible rate. The third is some public manifestation of what the Government is trying to achieve at present. No one knows if the Government would like to see the pound's effective exchange rate higher or lower than its present level.

In the short term the best way to tell them would be to measure sterling's worth against the currencies of our European partners: the Government could announce that it was trying to keep the pound's value stable against the average of EEC currencies. But for the day after tomorrow we should be deliberating on how we can join the European currency snake. It is an imperfect mechanism, but it is a cooperative one and it provides the glimmerings of a more stable system for international exchanges. There is nothing to recommend the roller-coaster which has done so much harm to our economy and that of our European partners.

## KEEP YOUR CONCESSIONS DRY

The statement on the Maze prison by a commission of the Irish Catholic Bishops' Conference, reported in *The Times* yesterday, is a careful and even-handed presentation of the "show a little flexibility" approach. This is the line taken, not always with the same carelessness and even-handedness, by Mr Charles Haughey and other party leaders in the Republic, Mr John Hume in the North, and many more distant observers. It is the rod with which usually well disposed critics have recently taken to beating the British back.

The proposition is that the Government should relax the regime for all prisoners in Northern Ireland in three respects. They should be permitted to wear their own clothes at all times (no great difficulty about that provided anything smacking of paramilitary uniform is excluded). There should be "some move to increase opportunities for association" while not tolerating military training or any activity which would be illegal in society at large (there is already free association much of the time for conforming prisoners; doubtless a way of increasing it could be found that stopped well short of allowing the prisoners to regulate their own lives within the perimeter). There should be a review of prison work to make it more educational and remove "work of a demeaning nature"

(an educational emphasis is already present and, provided prisoners perform the simple duty of cleaning and seeing to their own cells, more could be attempted in that direction).

The British Government has been, and remains disposed to be, flexible about the details of prison regulations in Northern Ireland. On two matters it is rightly adamant. It will not have differentiation between republicans, criminals, and other prisoners, and it will not concede to republican prisoners the cachet of political status or the substance of prisoner-of-war status. The proposals of the bishops' commission do not infringe either of those precepts. A resolution of the conflict inside the Maze, if there is to be a resolution, will probably lie in the area suggested, so why not move there now?

Although the immediate announcement of some such concessions would win good opinions from bystanders and temporarily help the Government to make its case abroad, Ministers have to play more attention to the effect of their decisions on those who are joined in the action, the communities of Northern Ireland. Unilateral concessions to the hunger strikers now would exalt the prestige and morale of the Provisional IRA, and confirm them and their many softer

sympathizers in the belief that they have the means of breaking British authority in Ulster. Unionists would be daunted by an apparent display of weakness, and their paramilitary preparations would be intensified.

It would be different if there were any prospect that those concessions now would pacify the republican prisoners and still the agitation that has built up around their cause. There is no firm reason to think that that would happen. The IRA is not immolating selected of its members and redressing the scale of civil war in Ireland in order simply to win marginal improvements in the conditions of captivity. It is engaged in a deadly struggle for power against a constitutional authority in Northern Ireland that is founded on the franchise of 60 per cent of the province's electors. The challenge from within the prison and the accompanying agitations outside are a tactical strike in a strategic context. They will not relent until, in the face of firmness and subtlety, they find this particular line of action bringing diminishing returns at rising cost. That is beginning to happen. The Government would be well advised to keep its concessions of detail dry until the process has gone further and the Provisionals are looking for a pretext for withdrawal.

## SHIVERING ON THE BRINK OF WARRINGTON

Mrs Shirley Williams has decided not to stand as the Social Democratic candidate in the Warrington by-election. The reason she has given is that the timing of the by-election is uncertain and she can more usefully serve the party over the next few months by carrying out her heavy programme of meetings throughout the country. The assumption on which she has based that judgment will prove to have been mistaken if, as is reported, the Labour Party decides to have an early poll before the holiday season begins next month.

Her judgment is also open to question for a more substantial reason. Warrington may not be the ideal constituency for the Social Democrats to fight their first by-election in, but they have quite rightly decided to contest it and their chances are far from hopeless. Indeed, the opinion poll by Audience Selection, which was published in the *Sun* yesterday, suggests that they could win the seat if they have a leading personality as their candidate. Mrs Williams is given a 19 per cent lead over

Labour, and Mr Roy Jenkins would be only 4 per cent behind. Any other Social Democratic candidate would, according to this poll, start with more ground to make up.

This is a very powerful argument in favour of the Social Democrats fielding one of their principal personalities. Many people will judge whether the party is a serious political force by its performance at Warrington. That will matter more for its future credibility than any straw poll. A dramatic triumph there would do more for the party than any number of political meetings that Mrs Williams could address over the next two years, never mind the next two months.

In deciding not to stand Mrs Williams has deprived the Social Democrats of their best chance of securing such a triumph. She has also given the impression of not wanting to take a chance. For a party that is seeking to break up the existing pattern of British politics that is an exceedingly dangerous impression to give. It is particularly

unfortunate for the Social Democrats who are always liable to be suspected of being politicians for the drawing room rather than the hustings. There would be no better way to combat that suspicion than for a leading Social Democrat to take the risk of standing in what has hitherto been a safe Labour seat and therefore been regarded as unpromising territory for the new party.

If Mrs Williams is not prepared to take that gamble, then Mr Jenkins should. He would apparently start with a good chance of success if he stood as Mrs Williams. With him as candidate there would be little risk of the Liberals queering the pitch for the Social Democrats by putting forward their own candidate. For him to stand would also do much to dispel the widespread impression of him as a politician with a fastidious distaste for the dust of the arena. So in both personal and party terms this is a chance that Mr Jenkins ought to take. If the Social Democrats are afraid to dare they cannot hope to triumph.

## Church's weakness

From the Reverend Harry Ogden  
Sir, In yesterday's *Times* (May 29) Canon Wilkinson, of Solihull, made the strange and illogical assertion that clergy who look after their churches thereby neglect to talk about God to their people. Granted that my 20 years' parochial experience has not been in attractive suburban or country parishes, but my experience is the opposite of his in this matter. My experience from observation of other parishes as well as my own is that the care and enhancement of "Victorian Gothic edifices" goes hand in hand with the evangelistic outreach in inner-city parishes, decayed or otherwise.

Take one example in Salford: There is a church, a "Victorian Gothic edifice" if ever there was one, in what was *Love on the Dole* land. Throughout my childhood it looked derelict and unwarned among the decaying back streets. Then the area was redeveloped as an estate of high-rise flats, with the church still looking derelict and unwarned.

Diocesan "experts" wanted to demolish it and erect another concrete cube, but the new rector and the then small congregation insisted on keeping their "Victorian Gothic edifice" and they set about restoring, reordering and beautifying it under the sensitive guidance of Mr Stephen Dykes Bower. They were "looking after buildings" and spent a lot of money doing so — money raised by very hard work by the rector and his people. While they were doing this, however, they neither neglected looking after people nor talking to them about God. In fact the restoration of the old and smaller church, a building which ordinary unsophisticated people could immediately recognize and relate to as the local house of God and gate of Heaven, was perhaps the main instrument in turning a small aged congregation into the largest and most vigorous and most evangelistically effective congregation in the whole of Salford.

If we are to think in "neo-Franciscan" terms about simplifying and enlarging the Church's message of hope and joy and happiness in

what Canon Wilkinson calls "This embattled post-industrial age" then he and others who think like him will have to reassess their desire to destroy churches, "Victorian Gothic edifices" or otherwise. For St Francis of Assisi humbly began his very effective spiritual renewal and evangelistic outreach which revitalized the medieval Church by restoring an old, tumbledown church.

What better example could we follow, in inner-city areas and elsewhere? For the restoration, reordering and beautifying of that old and smaller church is an outward and visible sign which ordinary unsophisticated people immediately recognize — that neither God nor his Church are dead, and that he is quite capable of making new that which has grown old, and of lifting up that which has fallen down.

Yours faithfully,  
HARRY OGDEN,  
Church Rectory,  
Morton Street,  
Moss Side,  
Manchester.  
May 30.

## Colleges under closure threat

From Dr S. Ranaivake and Professor W. E. Yuill  
Sir, On reading your article, "Threat of closure faces five colleges" (June 2), we have difficulty in understanding how the Swinerton-Dyer committee apparently found it so easy to dismiss the need to review the cost of central administration of the University of London.

The cost of this administration, which duplicates much of the work of college administrators, is quoted as being of the order of £1m. It seems perverse that colleges with a long tradition of education and research by staffs of highly qualified and eminent scholars should be closed, while what one often suspects to be a top-heavy administrative machine is left intact. Yours faithfully,  
SILVIA RANAIVAKE,  
(Department of German),  
W. E. YUILL,  
(Department of German),  
Bedford College (University of London),  
Regent's Park, NW1,  
June 3.

From Professor R. Goldsmith  
Sir, It is a cornerstone of English justice that even the perpetrators of the most heinous crimes are protected from prejudicial publicity before conviction. The same courtesy has not been extended to us as an academic institution by our peers in the "discussion document" produced by Sir Peter Swinerton-Dyer's committee on academic organization in London University (Report, June 2).

Upon what evidence, except their "reputation" and "general reputation" in other words bias and the prejudices of others, have the committee concluded that the majority of the departments at this college may not be "up to university standards"? It is reasonable for us to ask what is this "standard"? Is it a mean or an average? Then by definition a large proportion of departments in any university will be below standard.

We must give this distinguished group of our peers the benefit of greater insight. They are faced with the necessity for a 15-20 per cent financial cut; they may therefore be looking for the lowest fifth of all departments, not an easy task. They themselves argue against all objective criteria to help them in making this judgment and are "inhibited" from making peer reviews. They refuse to let their own reputation, casting a light upon the college. What parent will now advise an intending student to come to Chelsea? Will school teachers not advise their best pupils to seek a college which is "not up to university standard"? Sooner rather than later the truth will come to resemble their ill-conceived verdict. We are no angels, we have our share of strengths and weaknesses. Let Sir Peter and his committee visit us in an open peer review. Then, if we are found wanting, let them phase us out but if we are of university standard, let them discontinue their praise widely as they have their ill-founded disparagements. Yours faithfully,  
RAINER GOLDSMITH,  
Chelsea College,  
Department of London,  
Manresa Road, SW3,  
June 3.

## Czech dissent movement

From Mr Jan Kavan  
Sir, The Czechoslovak human rights movement is in great need of money. As there is no unemployment benefit, financial support is needed by many people deprived of their means of livelihood for political reasons. Funds are also needed by families of political prisoners who receive no state help. Moreover, the detainees awaiting trial have to pay not only for their defence but also for their keep in prison. However, awareness of this should not mean an assumption that all money taken to Czechoslovakia is in support of an expression of solidarity.

Palach Press Agency was quoted in *The Times* of May 27 as saying that "the large sums of western currency" found on the two young French citizens who were detained in Czechoslovakia for three weeks in May "were intended for the Committee to Defend the Unjustly Prosecuted (VOVS)". Following their release from Czechoslovakia on May 20, the French couple explained that the confiscated sum of 4,000 DM (£200) were their personal funds, which they had hidden away as they were taking legal steps to recover it from the Czechoslovak customs. The police grossly misinterpreted the role of the money by assuming it was for the "subversive activities" of the human rights activists detained in Prague three weeks ago.

This unsubstantiated claim is used as a pretext to charge those who are active in the Committee to Defend the Unjustly Prosecuted (VOVS) with subversion of the republic under article 96, which carries a sentence from three to 10 years. The outrageous quotation has arisen out of a misunderstanding between the author of the article and a part-time Palach Press employee.

Yours faithfully,  
JAN KAVAN, Director,  
Palach Press Ltd.,  
19 Earls Court,  
25 Mercer Street, WC2,  
June 1.

## War in Lebanon

From Mrs Jane Gaillard  
Sir, Robert Fisk's report on the Israeli attack on Damour (May 29) was a masterpiece of journalism. The Palestinian towns holding the town of Damour was a quiet Christian town until the civil war in Lebanon, when the Palestinians attacked the population, killing many and forcing the rest to flee for their lives.

Mr Fisk should think of these people, now living as refugees in other parts of Lebanon, who can never return to their home town. Yours faithfully,  
JANE GAILLARD,  
2220 Boulevard Bineau,  
92200 Neuilly-sur-Seine,  
France.  
May 30.

## Centre parties in an adult relationship

From Mr Tom Ellis, MP for Wrexham (Social Democrat)

Sir, You report today (June 3) that the leaders of the Social Democratic Party and of the Liberal Party have reached an agreement whereby the latter party will stand down in favour of the SDP at the Warrington by-election but that it is to have "first refusal" at any (sic) forthcoming by-election. It seems as if Buggins's turn is being introduced into a political game.

Do not yet know whether the report is correct, but if it is so it adds to my other anxieties which have been steadily accumulating since the launch of the SDP. A presumption of the British two-party political system which unfortunately is being carried over into the SDP is that one either loves or hates. There seems to be an aversion to having an adult relationship pitched somewhat between the two extremes. In fact it was partly in revolt against this black-and-white party view of politics — "my party right or wrong" — that I left the Labour Party and helped found the SDP. Sadly, however, it is this same old, obsessive preoccupation with shallow party advantage which has been the cause of the political ineptitudes in the political direction of the new party.

As a case in point, the prickly approach to negotiations with the Liberal Party and the refusal to forcing the Liberal leadership into defensive responses against its will, hardly reflects the self-assurance one would have anticipated of the SDP as a party which is a facet of British political life. A statement about the Warrington by-election by a local Liberal in the North-west of England, for example, did not merit a reply from the SDP, let alone a SDP nationally which in turn forced

the Buggins's turn principle on the Liberal leadership.

Nor does a determination to reject the practices of the Labour Party — admirable if this had meant the rejection of the old party methods — become anything other than silly if, in fact, it results in no more than administrative decisions about yet having an annual conference because Labour has one, or not having local parties on the constituencies because Labour does so, or disparaging local party members who were formerly active workers in the old parties.

I sincerely hope that henceforth in the SDP we shall display greater self-assurance so as to avoid any suspicion of our being party bigots. It is this as much as anything which will appeal to the British electorate. Yours sincerely,  
TOM ELLIS,  
House of Commons,  
June 3.

From Mr Sam Silkin, QC, MP for Southwark and Dulwich (Labour)  
Sir, Am I alone in seeing a parallel between the conduct of Mrs Shirley Williams in declining to contest the Warrington by-election and that of Mr Tony Benn in declining to stand for the leadership of the Labour Party?

In each case the logic of the positions taken up by them would seem to lead to acceptance of the challenge. In each case to do so would seem to be the courageous and honourable course. In each case it appears that discretion has proved the better part of valour. Are there conclusions to be drawn as to the suitability of either to lead the nation?

Yours faithfully,  
SAM C. SILKIN,  
House of Commons.

## Europe's voice

From Mr Alfred L. Latham-Koenig  
Sir, Ronald Butt's article (May 14) rightly stresses the importance of a European dialogue between the critical world situation and welcome the great progress in political cooperation within the Community which was achieved in the last few years. But this cooperation needs a measure of reciprocity. The European interest which transcends purely national interests and makes compromises possible.

In this respect the regrettably harsh, almost jingoistic tone adopted by Britain in demanding a reduction of her contribution to the EEC budget — however sound her case may have been — has created both a bad impression and an unfortunate precedent which could well be followed by other member states and weaken further the cohesion of the Community at a particularly inopportune time. There is one field in particular, the North-South dialogue, where a common initiative by Europe is urgently needed. The negative attitude of the Reagan Administration towards practically all the recommendations of the Brandt report, its declining to replenish the concessional funds of the International Development Association, have angered the group of 77 and compromised the success of the North-South summit in Mexico next autumn.

France, under her previous government, had taken a lead in trying to soften the United States Administration's attitude and with Claude Cheysson, the new foreign minister, this policy is likely to be pursued even more vigorously. It is to be hoped that Britain, which takes over the presidency of the Council of Ministers in July, will ensure that the EEC, as a unit, makes a positive contribution to the

Mexico summit, thereby ensuring at least a modicum of success. A failure, followed by mutual recriminations, would be dangerous in the present world economic climate. Yours faithfully,  
ALFRED L. LATHAM-KOENIG,  
11 Bigwood Road,  
Hampstead Garden Suburb,  
Hampstead, NW11,  
May 28.

## M Cheysson's record

From the South African Ambassador to Greece  
Sir, If, as your account in *The Times* of May 23 would have us believe, Claude Cheysson was once "in charge of the development of the Sahara", the present state of that part of the world would hardly be the best augury for his success as France's new Foreign Minister. In fact, however, that unfortunate overstatement does no justice to the very effective hard work he was actually doing as Secretary-General of the Committee for Technical Cooperation in Africa South of the Sahara (CTCA) for those years. Meetings at working-party level used to take place every week or two in London under his chairmanship in the late fifties, and as South Africa's representative at that time, I can attest to his level of growth.

It is perhaps of interest that Claude Cheysson is the third member of that small London group — only eight countries were represented to have become Foreign Minister. The others were Alex Quaison-Sackey, of Ghana, and Franco Nogueira, of Portugal. Yours truly,  
J. H. SKELFE,  
South African Embassy,  
62 Vasilissas Sofias,  
Athens 140,  
May 28.

## Nature of schizophrenia

From the President of the Royal College of Psychiatrists and others  
Sir, Quite apart from the question of differential diagnosis, about which we make no comment here, the trial of Mr Peter Sutcliffe has left a deep impression on the public mind of the impression that people with schizophrenia are always a potential menace to others. This is not true. Schizophrenia is a fairly common condition, a device can sometimes be disabling or even crippling in its effects upon the sufferer, but it is very rarely associated with repeated acts of violence.

In the United Kingdom, at any given time, some 180,000 people are affected by it and about 1 per cent of the population develop it at some time in their adult lives. Most of them spend far more time living in the community than in hospital. All but a tiny fraction have no greater liability to violence than other citizens, nor do they commit other crimes.

We would not wish to minimize the suffering caused by schizophrenia to the person affected and to the family, nor to deny that

tragedy sometimes occurs. But there have been major advances during the past 25 years in our understanding of the disease, in our knowledge of treatment and in our ability to care for those who become chronically disabled.

It would be an even greater tragedy if the care given by the mental health services was undermined by hardening further attitudes that would lead to greater restrictiveness and less community support. Organizations such as the National Schizophrenia Fellowship and MIND do much to promote public understanding, sympathy and help for many thousands of sufferers. Their efforts should not be set back because of the natural reaction of horror at this appalling series of events.

Yours faithfully,  
DESMOND POND,  
KEN RAWNSLEY,  
W. H. TREITHOWAN,  
HENRY WALTON,  
J. K. WING,  
Medical Research Council  
Social Psychiatry Unit,  
Institute of Psychiatry,  
De Crespigny Park, SE5,  
May 29.

## Third World aid

From Mr Ewan Luard  
Sir, The large number of people attending the recent lobby of Parliament is an indication of the widespread concern that exists about the policy of our Government towards the Third World.

Over the next four months three important summit meetings are to take place at which these matters are to be discussed: the Commonwealth Prime Ministers' meeting in Australia; the meeting of industrialized nations in Canada; and the North-South summit in Mexico. Though none will be able to reach final decisions (if only because all will be restricted in membership), what they will do is to lay down guidelines for the detailed negotiations which will take place subsequently in the appropriate forums.

There are a number of particular proposals to be discussed which it might be hoped that our Government (even taking account of its known political and economic viewpoint) will be willing to support. For example, as a major food importer Britain has a strong national interest in measures to expand food production all over the world, above all in developing countries (where the costs of production are often cheapest) to avoid major shortages and rapidly rising prices: one would hope therefore that the Government will support major programmes designed to help poor countries in their

Secondly, as a government committed to an open trading system (as is announced in its memorandum on the Brandt report last July) it should be willing to support a public commitment to avoid new measures of protectionism against imports from poor countries (and to put this into practice in the forthcoming negotiations on the renewal of the Multi-Fibre Arrangement).

Thirdly, as a major banking nation which would have much to lose if any poor countries, because of their severe balance of payments difficulties, were forced to repudiate their debts, already enormous, we have an interest in ensuring that the International Monetary Fund further liberalizes its policies in granting credits to poor countries and that it should give a larger proportion of quotas and special drawing rights to them in future allocations.

Fourthly, as a country with long-standing associations with the very poorest countries of all, the "least developed" (about half of which are members of the Commonwealth), we should give the strongest support, both at the summit and at the conference specifically devoted to their problems in Paris in August, to proposals for special measures to help them by the provision of increased aid and better trading opportunities. Yours faithfully,  
EWAN LUARD,  
Oxford,  
274 Banbury Road,  
Oxford,  
June 1.

## Gunshots at the funerals

From Mr P. St. John-Langon  
Sir, Professor O'Leary (June 2) has missed the vital distinction. So far as I know, it is not being suggested that there should be a simple denial of Christian burial rites to any "bagged" person. What is in issue, and what causes very great offence to many people (Roman Catholic, Anglican and Protestant alike), is the provision of a funeral service and burial for someone who has lived by the gun and the bomb where he is to be publicly "honoured" with flags, martial music, volleys and the like.

By necessary implication, all this is done in tribute to the manner in which the person concerned has lived and died. The explanation which is put forward, that these trappings stop at the church door, is unconvincing: after all, the officiating priest accompanies the coffin to the grave.

On a practical level, a simple choice could be offered to the relatives: you can have a Christian funeral or a paramilitary funeral, but not both. On a spiritual level, it is only the offering of such a choice which can in these difficult circumstances be consistent with the Gospel of peace. Reconciliation and comfort for the bereaved should be available, but not at the price of involving those who are ordained for the proclamation of that Gospel in a ceremony which, whatever their own views, becomes a celebration of violence. Yours faithfully,  
P. ST. JOHN-LANGON,  
2, New Square,  
Lincoln's Inn, WC2,  
June 2.

## Defence strategy

From Miss A. M. Eijre  
Sir, I welcome David Watt's conclusion (May 29) that NATO urgently needs a functional review. It is a pity that he did not go on to argue that for reasons of history, geography, trade and our national interests we should "specialize" in the maritime defence of the eastern Atlantic and the Channel. This is the role in which Britain, amongst European nations, is uniquely qualified to "specialize" and play a major part. In contrast, our continental commitment to defending a few dozen kilometres of the German border is not impressive.

David Watt spoils his argument by making two contradictory comments about the Navy — perhaps in his infancy he was bitten by a submarine. More seriously, in his discussion of length of conflict he makes one thing plain: reinforcement is surely to be sought as early as possible during tension as a signal of resolve and thereby as a deterrent.

If deterrence fails, reinforcement is needed to keep NATO's options open: one option given reinforcement, is to continue to fight with conventional weapons. Without reinforcement, this option is not available after a few days. It is a mistake to think that the anti-submarine war will only be joined when it is "relevant to reinforce the Army". Yours faithfully,  
MARIA EIJRE,  
Willow Mead,  
6th Croft Road, Weybridge,  
Surrey,  
May 31.

## Words and figures

From Mr F. T. Bennell  
Sir, While not disagreeing with the general suggestion of Philip Howard's article (May 25) that technical words are liable to be misused by journalists (indeed the article is a commendably reinforcing case in this view), I do not agree that the BBC reporter was wrong to say something was increasing "exponentially". It is a precise statement to make only when the rate of increase is proportional to its size at that moment and I presume that what was meant was that the bigger it gets the faster it grows, which would be a reasonable use of the word.

Neither do I see anything wrong with the expression "lowest common denominator". A denominator in mathematics is written as a number below the line, but it represents the parts of which a fraction is composed. Yours faithfully,  
F. T. BENNELL,  
Consultant Engineer,  
15th Croft Road, Weybridge,  
Surrey,  
May 25.

## Foxing the hunt

From Miss Victoria Spencer Wilkinson  
Sir, Mr G. V. Harries (June 2) has unfortunately resurrected a story which was attributed to my father by Sir Victor Mallet in a footnote in *The Times* (Queen Victoria, published in 1968).

In December 1968 I wrote to Sir Victor Mallet to point out that his facts were incorrect and that Sir George Clark (All Souls College), who kindly did some research for me, found that the inventor of the bicycle tactic was John Cook Wilson. On hearing from me Sir Victor Mallet immediately apologized, and at my suggestion wrote a letter explaining his mistake, which was published by *The Times Literary Supplement* (January 23, 1969).

I hope an information will put to rest the defamatory idea that my father had invented this absurd "tactic" referred to by Mr Harries, obviously in ignorance of the facts. Yours faithfully,  
VICTORIA SPENCER WILKINSON,  
142 Hatherley Grove,  
Hatherley Grove, W2,  
June 2.

## All for the best

From Mrs Colin Strickland  
Sir, In reply to the Chaplain of Sussex University, (June 3), when my father remarried at Cranleigh church, near Canterbury, on December 11, 1975, not only was my sister his best man, but my step-mother's daughter gave her away. Yours sincerely,  
ROSEMARY STRICKLAND,  
Swearing Manor,  
Petham, Canterbury,  
June 3.







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# Business News

THE TIMES June 5 1981

**GARRARD**  
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**Stock markets**  
FT Ind 535.6 up 8.9  
FT Gilt 66.05 down 1.14

**Sterling**  
\$1.9410 down .765 points  
Index 94.8 down 2.1

**Dollar**  
Index 109.2 up 1.3  
DM 2.4110 up 515 points

**Gold**  
\$460.50 down \$13

**Money**  
3 mth sterling 121-123  
3 mth Euro S 181-183  
6 mth Euro S 173-177

## IN BRIEF

### Morgan bids £6.54m for Myson

Morgan Grenfell, the merchant bank, has offered £6.54m for the ordinary shares in Myson, the central heating group, on behalf of a group of institutional investors and two individuals, Mr R. A. A. Wheeler and Mr J. G. Salkeld. Myson ran into financial difficulties at the end of 1980. The company had a turnover of £1.5m and a profit of £291m for the three months ended March 31. The company had a turnover of £1.5m and a profit of £291m for the three months ended March 31. The company had a turnover of £1.5m and a profit of £291m for the three months ended March 31.

**Beecham profits up**  
Averaging return on capital fell by one-fifth from 15.9 per cent to 12.7 per cent between 1977 and mid-1980, and sales growth failed to keep pace with inflation, the report says.

**Wire report**  
The worst is yet to come for the wire industry, according to a report released yesterday. Average return on capital fell by one-fifth from 15.9 per cent to 12.7 per cent between 1977 and mid-1980, and sales growth failed to keep pace with inflation, the report says.

**Hire purchase rises**  
Hire purchase contracts agreed last month totalled 115,871 according to Hire Purchase Information. This compares with 103,432 in April and 132,731 in May 1980. New cars accounted for 37,085 of last month's contracts and those for used cars amounted to 50,214.

**Car output falls**  
Car production in Britain fell by 48 per cent during the four weeks to May 23 according to the latest provisional estimates. Only 45,000 cars were produced compared with 86,000 in the previous four weeks. The fall is attributed to industrial disputes.

**Electronics venture**  
A group of electronic companies from the Netherlands, among them Plessey and Marconi, will set up a joint venture called ACCSCCO SA, registered in Brussels, to work on the Nato air command control system.

**US-China trade up**  
Trade between the United States and China should reach \$6,000m (£3,015m) this year and \$10,000m by 1984, Mr Malcolm Baldrige, America's secretary of commerce, said. Trade between the countries doubled last year to \$4,800m, two thirds of it in United States exports.

**Research project**  
Butler Cox & Partners will undertake a major 12 month £250,000 research project into the market for office technology. The project will be funded partly by the Department of Industry and subsidising British companies which include Telecom, ICL and Rediffusion Computers.

**Wall Street lower**  
The Dow Jones industrial average closed at 986.74, down 2.37 on Wall Street yesterday. The S&P 500 index was 115.285 while the ESDR rate was 0.590297.

## Extra tax relief to aid small businesses

By Bryan Appleyard, Financial Staff

The Government has bowed to pressure from businessmen and accountants and introduced big changes in its business start-up scheme designed to help small companies.

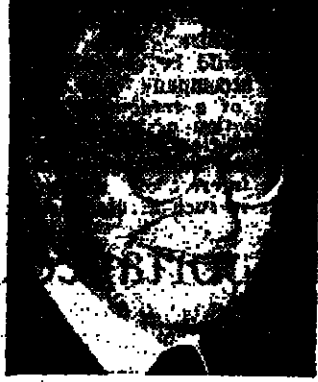
The scheme, which offers tax relief on up to £10,000 of private investment in new ventures, was widely welcomed when it was announced in the Budget. But the mass of restrictive clauses which emerged with the publication of the Finance Bill prompted a barrage of criticism.

Sir Geoffrey Howe, the Chancellor of the Exchequer, yesterday announced significant easing of the terms for tax relief.

Another significant change in the Finance Bill was also announced. This was the withdrawal of Clause 34, which provided for a 30 per cent deduction from payments made to agency workers operating through companies. Some pressure groups had claimed the effect of this clause would be so severe as to offset most of the benefits for small businesses in the rest of the Budget.

The Government is to hold further consultations on the clause with a view to introducing revised proposals next week, and Mr Peter Rees, the Treasury Minister, said the start-up scheme was still open to further debate.

Tax relief will now be available for investors in a company during the first five years of its life, instead of three, and



Mr Rees: debate needed to establish right balance

on up to 50 per cent of its equity instead of 30 per cent. It will also be available where the company has one of more 100 per cent-owned subsidiaries, for investment in more than one class of ordinary shares, and when a company has fixed rate preference shares.

Tax relief will be available when a brother or sister is the investor, and the rules when relief can be withdrawn are also being relaxed. This latter area will include a reduction from five years to three over which the Inland Revenue can claw back relief when a business no longer qualifies for help.

Finally, an investor can receive fees from the company in a legitimate professional or trading role, although he cannot receive fees as a non-executive director.

Mr Rees said the Government was planning with its scheme and it was inevitable that it would take some time and debate to get the balance right.

"We always recognized that we had to be open minded in the committee stage and provisions were subjected to a blast of criticism," he said.

Mr Walter Goldsmith, director general of the Institute of Directors, broadly welcomed the changes, but said he was disappointed that no move had been made to broaden the types of business which could qualify.

The Government should have allowed investors to receive fees as non-executive directors as this was a key way of bringing in proven business expertise, he said.

Mr Michael Crylls, chairman of the Tory Small Business Bureau, also attacked the restrictions on types of businesses able to qualify and said he would continue to fight for a broadening of the scheme.

Mr William Poston, of the Union of Independent Companies, said the changes were welcome but the necessity for them appeared to indicate amateurism in the initial drafting of the Bill.

Helping small businesses, page 19

## Smoothing Japan's car exports

By Peter Hill

Mr Zenko Suzuki, the Japanese Prime Minister, yesterday said that his Government would help solve as smoothly as possible the problem of Japan's rising car exports to Europe.

Speaking in Tokyo against the background of the unproductive talks earlier this week between officials of the European Commission and Japanese trade experts, Mr Suzuki said that the issue was primarily one for the industries concerned and direct governmental intervention was not appropriate.

"But the Japanese Government will help the automotive industries solve the problem as smoothly as possible," he said.

Mr Suzuki's soothing words, however, coincided with a warning from another British industry on the need for a tougher line to be taken against Japanese exports to Europe.



Mr Suzuki: government intervention not appropriate

Mr Harry Hornsby, director general of the Process Plant Association, which has an annual turnover of £2,500m and employs more than 80,000 people, referring to the talks earlier this week, said that it was disappointing that the Japanese had been unable to grasp the European point of view.

"Although British industry's immediate concern is with motor vehicles, electronics and shipbuilding, we are only too aware that the existing Japanese pressure for exports may shortly become a serious problem for the British process plant industry," he said.

Citing the gross imbalance in trade between Europe and Japan in mechanical engineering products and electronic and electrical engineering goods over the past ten years, Mr Hornsby said that previous experience suggested that the only way to negotiate was from a position of strength.

Urging the British Government to impress on the Japanese authorities the need to open up the Japanese market to exports from Europe and investment in Japan by European companies, Mr Hornsby pointed out that trade was a two way business.

Turning back the tide, page 19

## Warning from BP on capital spending

By Ronald Pallen

British Petroleum said yesterday that continuing heavy losses in most of its oil production fields could lead to further rationalization of these businesses. The group said that it was reviewing its oil trading activities and the planned level of capital spending in those areas.

BP is also calling on the Government to reduce the price of North Sea oil since the high price of supplies from its Forties field is putting it at a severe disadvantage to its competitors.

The warning came with BP's first quarter figures which showed a drop in net income from £550m to £395m mainly because of continuing heavy losses in these downstream activities. The figures were, however, slightly better than the market had been expecting. Without the vague rumours of a cash raising move materializing, the shares ended 4p ahead at 374p.

BP blamed depressed markets for oil and chemical products in the UK and Europe for the drop in profits. Taking into account the need to replace oil stocks with higher priced supplies, BP's drop in current earnings was even more pronounced with net income shrinking from £150m to only £10m.

Despite higher production from its Alaskan and North Sea crude oil production, this was largely offset by a more than doubled tax bill. BP complained yesterday that with the new supplementary petroleum duty in the United Kingdom the marginal tax rate on its Forties production was now over 100 per cent, and the situation was becoming progressively worse with spot crude discounts widening.

The chief support for BP continues to come from its United States subsidiary which increased its contribution from £135m to £175m in the first quarter. Chemicals, however, continue to be a major drain on the group with a first quarter operating loss of £36m excluding South and rationalization and planned for this area of the group's operations as well.

## EEC to penalize steel undercutting

From Michael Hornsby, Brussels, June 4

European Community industry ministers today authorized the European Commission to impose severe penalties on steel companies which sell their products at less than published prices.

Viscount Etienne Davignon, the EEC Industry Minister, said that Brussels had been given powers to fine companies up to 1 per cent of their annual turnover. The sanctions would also apply to independent traders who sold steel cheaply out of stock.

Companies found in breach of the new rules would be scrutinized by the commission to see if they were using state aid for purposes other than restructuring. If so, the commission could withdraw approval for such aid.

The price measures will form part of the new regime which will govern the steel market after June 30 when the present system of compulsory production quotas expires.

The aim is to push prices up by 15-20 per cent to bring them into line with those in Japan and America.

The ministers, including Mr Norman Tebbit, Britain's junior Industry Minister, said the compulsory quotas should be renewed in the case of coils, which account for about 50 per cent of all steel products, and account for about 30 per cent of finished products, the ministers agreed to the voluntary arrangements which steel manufacturers have promised to observe after June 30.

Despite a strong appeal before the meeting from Herr Helmut Schmidt, the West German Chancellor, member states made little progress towards agreement on phasing out all state aid to the steel industry.

## Sterling's strength in Europe remains the key Pound's fall brings little joy

By Business News Staff

Sterling's slide against the dollar will provide a useful boost to companies who are fought to retain export markets. But the prospects for a substantial rise in demand are remote.

Although industry has been suffering from the effects of Sterling's strength in overseas markets, which has been an important factor in curbing profitability, its strength against major European currencies is more significant.

The Confederation of British Industry, which has been particularly outspoken on sterling's high value, said that industry expected no substantial improvement in business.

"Overall demand is still depressed and world markets intensely competitive. However, exports have been holding up remarkably well and the lower pound rate should ease the position of those companies who have been hanging on to overseas business with little or no profit," said the employers' organization.

But business leaders are anxious that the pound's fall should be held at around 52 and that there should not be a return to higher interest rates.

The pound's downward slide has put pressure on the British National Oil Corporation to cut North Sea oil prices.

North Sea operators with refining interests are keen to see prices drop from the \$39.25 a barrel reference level, particularly as the spot price for high quality North Sea crude is down to \$33 or \$34 a barrel. But operators without refining activities would be happy to have price levels maintained and there is understood to be considerable conflict inside those consortia which represent both shades of opinion.

Government ministers have also expressed differing views, although the fall in sterling's value will aid the argument that North Sea prices should follow market trends and that the loss of tax revenue has now been minimized.

For every \$1 a barrel fall in the price of oil, the Government loses about £200m a year in income. Advocates of further price cuts say that the reduction of the pound's value against the dollar is already providing the Exchequer with an additional £500m this year and that a \$2 a barrel drop will have little impact.

One oil industry observer said yesterday: "It depends how much the Chancellor regards the extra revenue as a windfall. However, if prices are not reduced, he could be caught by the law of diminishing returns as customers seek cheaper supplies elsewhere."

The BNO's quarterly review of prices is scheduled for July 1 but it may be forced to make a decision earlier. BNO's crude prices are closely tied to those of the North African producers who are themselves more likely to cut their rates after this week's decision by Mexico to slash \$4 a barrel off prices.

The weak pound's boost to British industry was quickly absorbed by the market yesterday, as share prices rose ahead to push the FT Index up 8.9 to 535.6.

Stocks to benefit were exporters and those with high dollar earnings, particularly insurance brokers. Equities with big United States interests came in for heavy buying and shares such as Glaxo, up 5p to 364p; Unilever, higher by 11p to 87p and GSK, up 12p to 699p, all rose. Brokers Willis Faber increased 25p to 355p and CE Heath 19p to 271p.

## Bankers welcome strong dollar

From Frank Vogl, Lausanne, June 4

An era of strong US dollar is becoming firmly established and leading United States international bankers are confident of the dollar's sustained position.

The American authorities are unlikely to intervene on a big scale in the currency markets to arrest the rapid advance of the dollar. There appears to have been no official British re-assertion of the dollar's strength to take joint action in the market to secure a stronger pound in terms of the dollar.

High American interest rates, as well as recent international oil price developments, account for the dollar's strength, but there is increasing international confidence in America's economic outlook relative to that of other industrial nations.

A clear sense of confidence about the dollar and indeed about international financial problems has been evident at the International Monetary Conference here, which brings together the chief executives of the roughly 100 largest banks in the world. Numerous central bank governors are also attending this meeting, including the two dollar standard countries, the United States, Mr Paul Volcker, chairman of the Federal Reserve Board, and Mr Anthony Solomon, president of the Federal Reserve Bank of New York.

A Swiss banker said he expected the dollar to appreciate still further, though not much more so before stabilizing at its high level. He did not believe that the dollar would weaken significantly if there was a moderate decline in United States interest rates in coming months. Bankers do not expect a substantial fall in American interest rates.

One European banker said that the long period of dollar weakness produced consistent currency market crises, with the evolution of a multi-currency reserves system. A period now of dollar strength could produce a more orderly and calmer world currency system, the banker suggested.

Saudi Arabia has vast dollar holdings and Mr Abdul Aziz Alquaisbi, governor of the Saudi Arabian Monetary Agency, certainly appeared happy here at the rapid increase in value of these assets.

## Oil tax 'not hindering exploration'

By Edward Townsend

Senior Department of Energy officials assured MPs yesterday that the Government did not consciously use taxation as part of its North Sea oil depletion policy.

At David Jones, deputy secretary at the department, told the all-party select committee on energy that present taxes on oil companies were not discouraging investment or exploration.

The aim is to strike a balance between getting an economic rent for the nation and not reaching the point where it would hinder exploration; and the Government thinks that it has got the balance about right.

The committee was told that 79 blocks have been awarded in the latest North Sea licensing round and the department had commitments from companies to drill 135 wells with the possibility of a further 40. The commitments represented a doubling of the number of proposed wells per block compared with the last licensing round.

In support of the department's view, the Treasury said in a memorandum to the committee: "The objective of the North Sea tax system is to raise revenue in a way which shares the benefits of North Sea oil between the companies and the community at large. The North Sea tax system has not been designed to influence depletion rates."

It added that in 1981/82 North Sea revenues were expected to account for about 8 per cent of total central government revenues. Income from the North Sea, at 1979/80 prices, is forecast to rise from £4,500m in 1981/82 to £5,250m in 1983/84.

## Hogg Robinson expands American interests

By Michael Prest

Hogg Robinson, one of Britain's leading insurance brokers, has expanded its interests in the United States by acquiring an indirect stake in two American insurance brokers.

The companies are Penn General Agencies of California, and Bankers and Shippers Insurance Company of New York. The stake has been bought through a subsidiary of Republic Hogg Robinson, a partnership between Hogg Robinson North America and Republic Steel Services.

Both Penn General Agencies and Bankers and Shippers were subsidiaries of Penn General Financial. The partnership, which was set up last year, is paying \$29m for Penn General Agencies and \$13.5m for Bankers and Shippers, a total of \$42.5m.

Republic Hogg Robinson will finance the purchases by bank borrowings of \$21m and by its partners providing \$10.75m cash each. The partners and their parent companies are not guarantors to the banks borrowings.

Penn General Agencies has 22 offices throughout the United States, although its headquarters is in Los Angeles. It places property, casualty, marine and aviation insurance. Revenues last year were \$24m and pretax profits \$2.39m.

Bankers and Shippers is based in North Carolina and is a leading firm in truck insurance. It is licensed to underwrite business in every state of the union and has reinsured past liabilities so that they do not have to be taken up by Republic Hogg Robinson.

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Turnover	21,160	21,202
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Associated companies	(198)	(198)
Profit before tax	1,150	1,102
Profit after tax	891	802
Extraordinary profit	44	—
Dividends: per share paid and proposed	5.63p	5.0p
Earnings per share	11.6p	10.6p

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## Health paper aims to dry out industry How drinkers drain profits

By Peter Hill

Secret, and not so secret, drinking in Britain's factories could be costing industry hundreds of millions of pounds a year through reduced efficiency and accidents.

Management and trade unions are now being urged to make a much firmer grip on the problem drinkers.

As a first step, the Health and Safety Executive yesterday published a guidance paper endorsed by four Secretaries of State, including Mr James Prior, the Employment Secretary.

This Ministerial quartet estimates that, if the impact on family and friends is taken into account, as many as one in 25 of the population of England and Wales have severe alcohol related problems. The proportion is higher in Scotland.

The executive's guidance paper is designed to stimulate discussion among trade unionists and managers on how workers can be tempted away from the bottle. It suggests that the workplace is an excellent point from which problem drinkers can be guided on to the path of righteousness and sobriety.

Problem drinkers, says the executive, are those people whose consumption of alcohol causes medical or social harm or affects their standard of work.

Under existing conventions most managers tend to deal with problem drinkers either by turning a blind eye or by sacking the offender. Both courses serve only to exacerbate the problems of the company and the drinker.

The health executive is urging employers and unions to draw up and implement policies designed to encourage problem drinkers to seek assistance and treatment in order to play a full and useful role in their organizations. These policies should start in the boardroom (where there is often a drinks cabinet), and spread down the line to the shop floor.

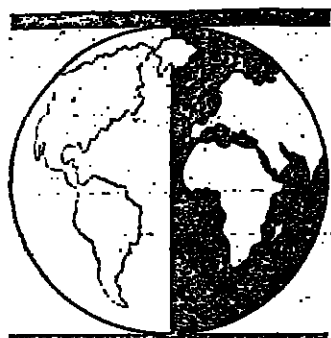
The paper also advocates a programme of education on the effects of alcohol so that workers and managers are aware of the consequences of excessive drinking.

But, before managers and shop stewards rush off for crash courses in how to spot a problem drinker and develop their own course of treatment, the executive's paper advocates caution. The tell-tale signs—impaired concentration, tremor, and irritability—should only be used as indications. Proper diagnosis, it says, should be made by qualified people.

## PRICE CHANGES

Rises					
Global Nat Res	80p to 800p	Royal	13p to 296p		
Heath CE	18p to 271p	Seagwick	13p to 144p		
Husky Oil	20p to 700p	Stand Chart	20p to 629p		
Phillips Lamps	22p to 475p	Sun Alliance	18p to 432p		
Reckitt & Col	15p to 274p	Willis Faber	22p to 353p		
Falls					
Brit Vita	16p to 164p	Rosehaugh	5p to 310p		
Cape Ind	12p to 220p	Ricardo Eng	12p to 450p		
Comet Radio/Va	10p to 146p	Trust Sec	8p to 351p		
Lasco	13p to 549p	Trust Sec	8p to 351p		
Peterson-Zech	15p to 425p	Unitech	10p to 230p		





## EEC study on Italy's import levy

The European Commission is to send a special mission to Italy today to investigate the import levy introduced last week to cut back the country's large payments deficit.

It is thought that the commission officials will try to persuade the Italians to exempt some steel products and most agricultural imports from the scheme which obliges Italian importers to deposit the equivalent of 50 per cent of the value of the goods in a non-interest account at the central bank for three months.

Mr Beniamino Andreatta, the Italian Treasury Minister, discussed the measures in Brussels with Mr Francois Xavier Ortoli, the European commissioner responsible for financial affairs. It is understood that the Italians might be sympathetic to exempting foods from the import deposit regulations, as this would help to hold down inflation, but are unwilling to make a similar concession on steel imports.

## Oil prices drop

Consumer prices for oil products sold inside the European Community dropped slightly at the end of May, but at the same time both prices for imported oil and Rotterdam spot prices steadied.

The increased consumer prices since December 1978 to the week ending May 25 fell to 92 per cent from 93 per cent the week before. EEC consumer prices for oil have been dropping steadily since the beginning of April.

## Compensation sought

Kawasaki Heavy Industries Ltd has asked Iraq for compensation on losses arising from construction delays to cement plants in Iran due to the Gulf war.

Kawasaki has not disclosed the amount of compensation asked, but its financial statement for the 1980 year ended March 31 shows the company had a special loss of 5,000 million yen (about £10.5m) in connection with the plant construction.

## Steel firm's loss

Spain's only privately owned integrated steel firm, Altos Hornos de Vizcaya SA (AHV), lost a record 10,346m Pesetas (about £53.5m) in 1980.

Last month six leading Spanish banks agreed to reschedule commercial debts worth almost 16,000m Pesetas (about £85.6m) contracted by AHV, which is 27 per cent owned by US Steel Corporation.

## Labour laws eased

China is to liberalize labour laws for foreign investors in its three special economic zones in Southern Guangdong Province. Foreign investors will have more power to set wages and dismiss workers employed in joint-venture or compensatory trade arrangements.

## Coal-fired car

General Motors Corporation of America, while making clear that it does not plan to build vehicles that burn coal, has demonstrated two cars capable of running at least short distances on powdered coal.

## Malaya steel plant

Nippon Steel Corporation is negotiating with the Malaysian Government for the construction of a \$360m (about £184m) reduction plant at Kuala Trengganu on the east coast of Malaya.

## Pipeline project

Canada's National Energy Board has approved the construction by Trans Mountain Oil Pipeline Limited of a pipeline from the United States-Canadian border to Edmonton, Alberta.

## West German benefits

The West German Parliament has approved the Government's plans for social and unemployment benefits by passing the labour ministry's DM54,000m (about £11.17m) budget.

## Short-time working

Agfa-Gevaert AG is considering the introduction of short-time working for about 1,000 of its 5,000 workforce at Leverkusen and Muelheim plants in West Germany.

## India refinery venture

A new oil refinery, designed by the Soviet Union to process 130,000 barrels of crude a day, will be partially commissioned in India's northern Mathura city next October.

## Steel output up

West German crude steel production in May rose 10.7 per cent to 3.64 million tons from April. Pig iron production increased 9.8 per cent to 2.78 million tons.

## Car sales drop

A total of 15,197 new cars were registered in Sweden in May, down 4,062 a year ago, the Swedish motor industrial association reported.

## Insolvency record

A total 630 West German companies were declared insolvent in March, the highest for any single month, the Federal Statistics Office said yesterday.

Rising dollar will boost Chancellor's oil take

## Minimal intervention to back pound

By John Whitmore and David Blake

While keeping a close watch on the behaviour of sterling in foreign exchange markets, because of its implications for international competitiveness and inflation rate, the Government has stuck rigidly to a policy of minimal intervention in the market.

Such intervention as there has been has been relatively minor, with the sole object of smoothing out the wilder fluctuations in rates and preserving an orderly market.

The decision not to pursue an exchange rate target or to intervene heavily to resist a trend, in either direction, is based on two main thoughts.

First, exchange rate targets and intervention are considered to be incompatible with the pursuit of domestic money supply targets. It is felt that the latter must be pursued independently, with the external price of sterling left to find its own level.

Second, one of the lessons learned from the Sixties and early Seventies is that official intervention to resist a market trend seldom works. Quite simply, market forces are too strong.

On the face of it, the United Kingdom looks reasonably placed in terms of gold and foreign exchange reserves to defend the pound if it chose to do so. At the end of May, reserves stood at \$26,487m (equivalent at the time to £12,793m).

On the other hand, the United Kingdom Government and public sector still owe \$15,534m to overseas lenders, not really all that substantial when one thinks what

could happen in the face of really sustained pressure on the pound.

One only has to look, for instance, at the large non-resident holdings of sterling monetary assets that have been built up once again over recent years. Figures for overseas holdings of marketable United Kingdom public sector debt are not readily available because quite a lot of these holdings are hidden behind nominee holdings. But last December's annual Bank of England attempt to identify holders of the National Debt put overseas holdings at rather more than £6,000m nominal stock.

In addition, there are large overseas holdings of sterling bank deposits in the United Kingdom. These stood at almost £11,500m at the end of 1980, having doubled in just two years. Non-residents also hold sterling deposits in financial centres outside the United Kingdom.

It is no longer just what overseas investors may decide to do with their money that the authorities have to consider, however. Now that exchange controls have been dismantled, the United Kingdom residents too are free to switch their money out of sterling into overseas currencies.

Resident holdings of foreign currency in London in fact have been building up quite fast recently, rising from £5,500m last autumn to just over £8,000m by this spring—though part of this spring rise will reflect the rise in the value of the foreign currencies held rather than further large-scale switching out of the pound.

The drop in the value of the pound is likely to bring a bonus to the Chancellor of the Exchequer. North Sea oil prices, like all prices for oil, are quoted in dollars so the sterling price of oil increases whenever the pound goes down against the United States currency. Over the past few months the pound has fallen by more than 17 per cent against the dollar. This is considerably more than the cut of around 54, or roughly 11 per cent, which is expected shortly in the price for North Sea oil in dollar terms. The sterling price of oil is thus unlikely to fall below the figure used in making Budget calculations earlier this year.

Over the next few months, however, a prolonged period of weakness in oil prices could lead to one of the Government's prime sources of revenue coming under pressure.

This year the Chancellor is expected to receive £5,880m from North Sea revenues. He introduced a special new tax in his Budget which is expected to account for £1,000m of his receipts. The Government forecasts of revenue are based on the assumption that the dollar price of oil will continue to rise.

The net result of a drop in the value of the pound against the dollar will be to increase prices for petrol and other oil products on sale in the United Kingdom. Much of the benefit of this will go to the Chancellor because the United Kingdom is now self-sufficient in oil. The result is equivalent to an increase in indirect taxes on oil.

## £17m commercial telecoms network planned for London

By Bill Johnstone



Sir George Jefferson: not trying to encourage queue jumping.

A secondary telecommunications network costing £17m over the next three years, is to be funded in part by special premiums paid by users, is to be provided by British Telecom for businesses in London.

Banks and financial institutions which will be the bulk of the customers for this service have indicated that they would be willing to assist in the financing.

Rooftop lasers and microwave radio links for carrying data and speech will be among the items offered on the service, which is expected to begin in September.

Most of the new network will use conventional cabling, but rooftop microwave links will be used where underground circuits are not available.

Sir George Jefferson, chairman of British Telecom, outlining the system yesterday, said: "Firms who want to avail themselves of these premium facilities will be able to get connected to the new network on a pay-per-use basis."

Sir George denied that British Telecom was creating a system which encouraged queue jumping by those prepared to pay extra for connexion to the network.

British Telecom emphasized that the scheme would be paid for largely by users and the premium system of payment

was the most economic method to adopt.

The City of London will be connected in September and by September 1982 seven other principal areas in inner London will be linked.

Plans for the new system have been the result of discussions with the City Liaison Committee and its standing committee on policy and plan-

ning on information technology, chaired by Mr Timothy Bevan, chairman of Barclays Bank.

Barclays Merchant Bank is also in a consortium with British Petroleum and Cable & Wireless, which plans to operate a private data network similar to that of British Telecom.

Details of the premiums were not disclosed. But, along with any financial assistance given by the banks or financial institutions, they will help reduce the drain on British Telecom's investment capital.

This year's capital investment programme will cost £1,500m. In the past year £20m has been spent in improving the service on the ordinary public network in the London area.

The corporation claims that among other improvements the response time to an application for an international circuit has been cut from 18 months to 13 weeks and that for a telex from 18 months to five months.

At the beginning of the week the corporation announced board changes and the formation of a new organization called British Telecom Enterprises, which would be run by Mr P. Benton, the deputy chairman designate of British Telecom and would control all the activities of any subsidiaries set up by British Telecom.

## Investment plea on services

An urgent review of Britain's poor performance in service industries has been urged by Mr Geoffrey Chandler, Director-General of the National Economic Development Council, in an internal memorandum.

Productivity in the United Kingdom service sector has been weaker than that of Britain's continental competitors, says Mr Chandler, and he suggests measures to facilitate the shift of resources into services. He says the NEDC should discuss whether existing mechanisms are adequate to ensure proper use of resources.

The memorandum states: "Apart from North Sea oil services have been the fastest growing major activity in the last 20 years, and have been the principal source of additional employment in the United Kingdom."

Mr Chandler points out that increases in service employment have not absorbed redundancies and job losses in manufacturing industry. Because of differences in type of work, skill requirements and location, any continuing shift towards services in the future is likely to be accompanied by increasing levels of structural unemployment.

## LETTERS TO THE EDITOR

## Consequences of harmonizing the EEC laws on trademarks

From Mr Neville March

Sir, A short while ago the EEC Commission published the text of a draft directive and regulation to harmonize the Common Market laws on trademarks. Among the many provisions of purely legal or commercial interest there is one to which attention should be drawn in literary circles who might be forgiven for imagining that this law was quite unconnected with them.

Publishers of dictionaries, encyclopaedias and similar works would be compelled by law to accompany "any reproduction of a trademark" with an indication of its trademark status (article 4 of the directive, article 9 of the regulation).

The interest of trademark owners in such a rule is clear.

They want to avoid popular marks becoming merely generic and descriptive; and that doubtless is why the Commission has received no objections to it from any of the interests it has consulted.

The rule is pernicious, however, on two grounds. First, trademark law should not overspill into fields outside its proper area of concern (competition between traders). Second, and even more important, freedom of the press requires that the only constraint upon the discretion of a dictionary editor should be scholarship. It should be his choice, in the light of the historical and literary evidence, whether to describe Photostat as "a trade name" and Yo-yo as merely "a toy resembling the old bandalore". Under the pro-

posed new rule, for instance, the Oxford English Dictionary would have to change its entry for "centipillar tractor" in spite of the non-trademark origin of that phrase.

Dictionary editors suffer enough as it is from pressures by special interests to censor unfavourable definitions. It would be very dangerous to add yet another powerful group to their number. Writers and scholars owe no particular duty to trademark holders and such a duty should not now be introduced by legislation.

Yours faithfully,  
NEVILLE MARCH HUNNINGS,  
Common Market Law Reports,  
European Law Centre,  
4 Bloomsbury Square,  
London WC1A 2RL  
June 2

## Importance of marketing

From Mr Peter B. Blood

Sir, The textile industry's failure to understand the vital importance of marketing is highlighted by Mr Edward Pond in his letter (June 1). It reminded me forcibly of a visit I made some months ago to a large textile company in Lancashire. This company had no marketing or sales plan and I was told that if they had a corporate plan the chairman had probably written it on the back of an envelope. Unfortunately, as research shows, the absence of marketing know-how is prevalent in more than one sector of business in the United Kingdom.

Young designers who take their skills abroad probably do so out of sheer frustration. I find that many young business students cannot understand why so many senior British managers have still not grasped the fact that every business must not only have its central activity the satisfaction of

customer requirements, it must also possess the necessary marketing skills to achieve this.

Despite my general concern, I am pleased to report that recent winners of our National Marketing Awards have included two companies involved in the textile industry—Dorma and Colnroll. These companies demonstrated that, by a combination of design skill and successfully applied marketing techniques, they were able to increase their company profits dramatically. Why is it that so many firms still fail to understand the connection between marketing ability and profitability?

Yours faithfully,  
PETER B. BLOOD,  
Director General,  
Institute of Marketing,  
Moor Hall,  
Cookham,  
Maidenhead,  
Berkshire, SL6 9QH  
June 2

## The CEGB's reactor plans

From Dr I. M. H. Preston

Sir, Mr David Green, in his letter published on May 27, raises in a misleading way the question "Exactly what size of PWR has the CEGB in mind?"

The CEGB's intention is that as much proven equipment as practicable shall be used in the first PWR constructed in the United Kingdom. Westinghouse already has in operation more than ten reactor units capable of producing around 1100MW(e) and has many more on order for commissioning before the first United Kingdom reactor. The recent performance of this generation of plant has not been indifferent as suggested.

We therefore based the

United Kingdom design on the standard Westinghouse 3425MW (thermal) reactor supplying two turbine generators utilizing components proven on the well-developed 600MW(e) machines already in operation in the United Kingdom (eg electrical generators and low pressure turbines). This arrangement produces an output of 1180MW(e) gross and approximately 1100MW(e) net.

Yours faithfully,  
I. M. F. PRESTON,  
Director-General,  
Generation Development and Construction Division,  
Central Electricity Generating Board,  
Barnwood, Gloucester GL4 7RS.  
May 28.

## Computer frauds

From Mr Stanley Alderson

Sir, Your report, "Computer fraud is booming" (June 1), which referred to the important study made by Dr Kenneth Wong, of BIS Applied Systems, commented: "The financial institutions are becoming increasingly reluctant to make such frauds public and, although the culprit is usually [sic] dismissed from his job, charges are rarely preferred and on some occasions the thief has been provided with a reference to enable him to get another job." In other words, certain of our financial institutions do not scruple to be accessories after the facts of fraud, and are sometimes ready and covert accomplices to its further perpetration.

If our financial institutions are to regain public confidence, there must be legislation on the lines proposed by Dr Wong to compel notification of computer fraud cases to the appropriate authorities, is the Fraud Squad at New Scotland Yard. STANLEY ALDERSON, 7 Highfield Avenue, Cambridge, CB4 2AJ.  
June 1

## Perrier launch of a UF Eau

From Mr P. A. Holloway

Sir, When Perrier launch their new hot air balloon, do they intend to follow their current advertising campaign by calling it "U F Eau"? P. A. HOLLOWAY, 104 Eye Road, Harewood, Leeds.  
May 28.

## Forecast of growth in vending

By Our Commercial Editor

Although substantial growth for the £500m-sales automatic vending industry lies ahead, increasing competition and some manufacturing over-capacity is cutting profit margins.

This is the conclusion of a report on the industry published yesterday by ICC Business Ratios, which bases its forecasts of further growth on changes in eating habits, the impact of microprocessors and the forthcoming introduction of 20p and 51p coins.

Even during the recession companies have turned to automatic vending to reduce catering costs, the report says.

The performance of 60 companies over a three-year period to the middle of last year was monitored in the survey. This showed a sales rise of 81 per cent, with 15 companies achieving an annual sales growth of 30 per cent or more. But profits grew less spectacularly at 44 per cent. Average profit margins slacked from 3.6 per cent to 3.2 per cent and operating capital employed dipped from 27.3 per cent to 21.4 per cent.

One problem for vending machine manufacturers is that the widespread distribution of machines has created a market for replacements, with competition emerging from refurbishers of old machines. This has led some manufacturers to turn to machine distribution and operation, including marketing of the food and drinks dispensed, to increase trade.

But new microelectronic techniques are increasing the flexibility of vending machines, enabling a greater product range to be dispensed. The Automatic Vending Industry (AVI) Business Ratios, 81 City Road, London EC1Y 1BD; £80.

## BUSINESS EXHIBITION

More than 40,000 people are expected to attend the first Business to Business Exhibition which opens this Sunday and runs for four days. The exhibition is being jointly sponsored by The Times and The Sunday Times.

Doors open 10 am although the exhibition will be officially opened by Mr Gerald Long, the Times Newspapers managing director, at 11.30 on Sunday morning.

The exhibition will cover every aspect of business from advertising agencies to insurance. About 500 companies booked more than 700 stands. Admission is £2 payable at the door.

## Lifeline for self-employed Insurance scheme to ease jury service

By Derek Harris

Jurors who can suffer financially when court cases they are called on to attend go on for weeks or even months have been thrown an insurance life-line.

It comes from the London-based Economic Insurance Company, British subsidiary of the French-owned L'Alsacienne Group, which normally writes life, motor, household and other traditional forms of insurance.

Mr John Ludlow, their accident underwriter, decided to offer insurance against loss of income or additional expenses arising from jury service after a recent fraud case in London ran for 137 days.

Most jurors, not called for about a fortnight of court hearings, find their cases last only a few days, but some can run for much longer, Mr Ludlow pointed out.

Anybody who lately has been called for jury service will know, the cost of maintaining Britain's system of justice is often borne to a considerable extent by the 12 good people and true, or more often their employers.

The self-employed in particular can be hard-hit and the removal of key executives from companies can lead to difficulties which bring little real recompense under the

expenses rules operated by the courts.

Court allowances for financial losses are about £15 for a full day's jury service or half that for four hours or less. Anybody sitting on a jury for more than ten days can, at a court's discretion, get up to about £30 a day, roughly in line with the average national wage.

Jurors also get travelling allowances, including about 10p a mile for the use of a car. Or the court will pay bus or second class rail fares. There are also subsistence allowances intended to meet extra cost of meals and other incidental expenses that run daily from about £1 for a jury attendance of less than five hours to about £10 a day for a period not exceeding 10 hours.

The self-employed running a one-man business may not only find that earnings are lost but that longer-term the business may suffer.

Accountants among professional people have already emerged as buyers of the jury service insurance.

It is the very time jury service covers of this kind, which offers insurance of up to 200 per cent of income with no deductions for the expenses paid by the courts, has been offered in this form, according to Mr Ludlow.

## Business appointments Reed finance director

Mr K. J. Morton, currently treasurer of Reed International, has been appointed finance director from July 1. He will become a member of the executive committee. Mr J. D. Cornie will relinquish responsibility as finance director and be appointed chief executive of the building and home products area. He will remain a member of the executive committee. Mr G. S. G. Jagton will continue as deputy chairman and as a member of the executive committee of the company, but will relinquish his executive responsibilities for the building and home improvement product area. He will retire next April.

Mr Alan M. Edis has joined the Supra Group board as commercial director. Mr G. W. D. Bealier and Mr M. C. S. Morgan have been made directors of Kier International. Mr M. C. S. Morgan has resigned as a director of French Kier Construction.

Mr C. M. Winter, deputy managing director of the Royal Bank of Scotland, has been appointed to the board of the Royal Bank of Scotland Group. Mr P. J. D'Angelo, president and chairman of Noonan, Askey &

Pearce of New York, has been appointed to the main board of Reed Group, based in London.

Mr W. J. M. Bradbury has become sales and marketing director of Eirco Brown.

The Duchess of Devonshire has been appointed a non-executive director of the housing division of the Eirco Group.

Mr Michael D. Harvey has been made a director of Steinberg Group and Mr Alan J. Devine has resigned as a director.

Mr Mark Samuels, managing director of P-E Computer Services, has been appointed to the board of P-E International.

Mr Peter Wright has been appointed the United Kingdom marketing director of van Rietschoten and Houwer, the Netherlands-based electrical/electronics group.

Mr Bill Davis, company secretary and financial controller, and Mr Soren Aarup, general manager, have been appointed directors of PRIVA-Thames, London.

Mr J. Campbell McGarvie is the new managing director of Control Dataset.

Mr Peter West has joined the board of Terrapin International.

Mr Peter N. Waterman is now managing director of The Palfrey Company.

## To the Shareholders of EAGLE STAR HOLDINGS LIMITED

**DO NOT  
TENDER YOUR SHARES.  
ALLIANZ'S OFFER OF A  
MAXIMUM OF 290p  
IS NOT ENOUGH.**

- ★ Your Company has net assets in excess of 450p per share
- ★ We have a strong capital base and have no need for a rights issue
- ★ We have an outstanding profit record—growth of 30% per annum over the last decade
- ★ The proposed dividend increase for 1981 is 42.9%



# Eagle Star



BY THE FINANCIAL EDITOR

## BP's downstream wounds

After the recent Shell figures spotlighting the intense pressure oil majors were under from weak product markets, there was plenty of trepidation about BP's first-quarter results. In the event, net income, down from £505m in the opening three months last year to £395m, was better than expected and the shares edged up higher to 374p.

But there is little comfort in the figures. Shell continues to be one of the main props with the dollar's strength helping to boost its contribution by £40m to £175m. The North Sea was also roughly the same as the final quarter last year with a draw-down of stocks in the period offsetting the higher tax take. Chemical losses outside the United States were also lower at £36m indicating that Shell may have been right in suggesting that last year's dramatic slump had at least stabilised. And finally BP has also benefited to the tune of perhaps £25m on its dollar currency holdings.

After taking all that into account, BP is plainly still making enormous losses in its downstream markets. Although BP has marginally improved its segmental profits breakdown it is only possible to guess at the scale of these losses but assuming £300m plus of stock profits in the current cost drop from £150m to £10m losses must be running at well over £100m in the United Kingdom and Europe.

Little wonder then that BP is now urging the Government to cut the price of North Sea oil to ease the pressure on product margins. Any change could dramatically alter the downstream returns in the ensuing quarters but rather belatedly BP is now arguing for rationalization in some product areas and perhaps even in refineries as well. The full-year outturn will also be heavily influenced by the strength of the dollar, the currency in which its production is sold, but it looks as though it will do well to top £900m against last year's £1,435m. Certainly, the trading picture does not suggest any equity raising move as has been rumoured, however much the balance sheet—where almost all the cash is tied up in Shell and not available elsewhere in the group—provides an illusory financial strength particularly when the businesses outside the United States will be in a cash deficit, this year.

Any idea that the pound would find investment support around the \$2 level were quickly shattered yesterday morning, as the rate fell back below the \$1.95 mark. The authorities appeared to be taking an extremely relaxed view, however, and have clearly decided that any serious attempt at intervention would be pointless. None the less, the events of the past couple of days have put a new complexion on the future. The United Kingdom may have eschewed interest rate changes out of purely foreign exchange considerations for the past couple of years, and may continue to do so. But the fact remains that the worsening of inflationary expectations must have implications for domestic interest rates and Government strategy, as the gilt market was quick to latch on to yesterday with falls of £2 across the board. Elsewhere on the foreign exchange markets, the failure of the Deutsche mark sent the dollar soaring 5 pfennigs to DM2.41110 and nobody is betting where it will all end.

**Beecham Back into gear**  
The surge in Beecham's shares has been as much due to the group getting a licence for its Augmentin antibiotic as yesterday's good results. But any significant contribution from this new drug is probably three years away and whether Augmentin proves another winner on the scale of Amoxil only time will tell. But Beecham's confidence is undisguised and given the claims it is making for the drug there is every reason to think it will be an important profit earner in the future.

Augmentin apart, the latest results showing pretax profits up from £137m to £151m despite £7m of adverse currency movements, suggest that Beecham is getting back into gear again after several sluggish years by its own standards. After financing costs, acquisitions—mainly Bovril—were a £600,000 drag on profits and the borrowings taken on to fund Bovril explain most of an £8.5m rise in interest charges to £10.4m.

But trading profits from both sides of the business have increased. Pharmaceuticals have made up some of the ground lost in previous years with profits up by £7m to

£77m mostly due to good progress from Ticar in the United States and Japan. Consumer products—up from £65m to £79m—have benefited from £61m less costs relating to Aquafresh, which is almost in profit in the United States, and a good performance from Jovan.

● **Eagle Star is mounting a stout defence** against Allianz. Its letter to shareholders argues against the tender offer on two grounds: that it is too cheap and that a close association with Allianz will restrict Eagle Star's future moves to the detriment of shareholders, and that the advantages will all be Allianz's.

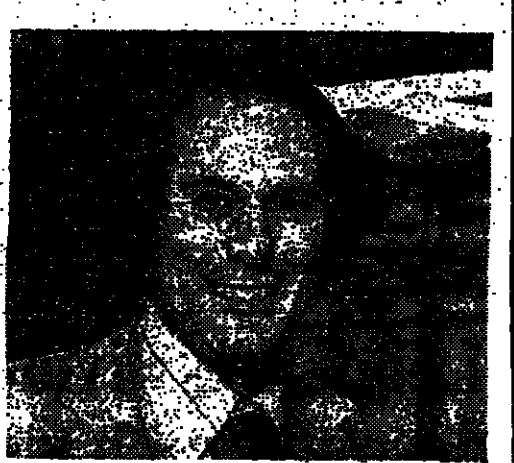
The defence is bolstered in the classic style by promising a 43 per cent increase in the dividend to 21.4p gross. Shareholders might wonder why a dividend, which on Eagle's admission was always well covered, could not have been raised earlier. On profits, Eagle Star is more reticent, merely stressing that the dividend increase should not be seen as a guide to this year's results.

But the main plank of Eagle Star's defence seems to be its net worth. Its conservative estimate, after taking investment (including property) and the life business into account, is 450p a share, well above the 290p tender offer and even further above last night's market price of 283p, up 4p.

Perhaps the crucial argument, however, is over which way Eagle Star should be heading. The management evidently feels that a 30 per cent blocking stake would prevent the company from developing overseas business, especially where Allianz is also operating. There is also the fear that Eagle Star will come to be regarded as just an appendage of Allianz.

**Northern Foods Help from acquisitions**  
Northern Foods need not have worried about consumer spending after raising pre-tax profits by nearly a quarter to £30.6m last year. As figures from Sainsbury and Marks & Spencer (both Northern customers) showed the public has spent heavily on quality foods, and even in beer and milk Northern suffered only a trifling drop in sales volume.

But here the good news in the figures for the six months to March comes to an end. Once the contributions from the United States newcomer Bluebird, and from Dorset



Mr Nicholas Horsley, chairman of Northern Foods.

Foods in frozen pies at home are taken out of the reckoning, Northern made little progress. In beer and milk price-increases can protect margins but this is not the case elsewhere. Bluebird is also having a hard fight against onerous United States interest rates and the difficulties of the meat packing industry. So Northern did well to produce interim pretax profits of £17.2m, around £1m more than outside estimates, against £14.8m after a fall in investment income (reflecting the sale of some gilt edged) and a rise in interest charges.

For the full year, Northern will probably suffer even more from pressure on margins, and from the cost of rolling over the £42.5m borrowed to help pay for Bluebird. The group plans to lower the proportion of debt to shareholders' funds from 48 per cent to 38 per cent this year, and it is stepping up spending on new capacity from £20m this year to £30m next in a drive to extend market share.

The absence of a cash call was a relief, and the shares rose 7p to 172p yesterday. But earlier hopes of the group making around £35m this year against £30.6m now look a shade optimistic.

Business News staff report on the trade conflict between Europe and Japan

## Can the flood be stemmed?

Have five years of talks aimed at stemming the flood of Japanese goods into Europe really ended in total failure or is the European Commission just playing poker?

When Sir Roy Denman, the Commission's director of external relations, said on Tuesday that "the talks amount to pretty near zero... it was he slumping the door on further discussions with Japan (and by implication preparing to replace cooperation by confrontation) or was he simply hoping to shame the Japanese into concessions?

Sir Roy's talks with Mr Kiyoko Kikuchi, the Japanese foreign trade minister, have been broken off prematurely, but Mr Zenko Suzuki, the Japanese Prime Minister, is due to visit Brussels on June 15 and 16. Mr Suzuki said in Tokyo yesterday that the Japanese government would help to solve as smoothly as possible the problem of rising Japanese car exports to the EEC, though it was, he stressed, chiefly a matter for the industries concerned.

Is this a partial concession in the face of Sir Roy's outburst or simply another in what has become a long line of conciliatory, but ultimately empty, statements by the Japanese?

The Brussels-Tokyo talks demonstrate very neatly one of the great weaknesses of the European Economic Community—its frequent inability to reconcile the common good (the good of the Community as a whole) with the self-interest of its individual member-nations.

Trade is one of the areas where there is supposed to be an overall EEC policy, rather than a number of policies conducted by each of the member states.

In practice, this has meant that the Commission in Brussels seeks a mandate to act on specific issues.

But there have been serious problems in reaching a common policy on such issues. The Commission and the member states agree that the growing imbalance of trade between the Community and Japan is a serious problem. Over the past 12 months the Commission has advocated a "global" EEC strategy where it would be given powers by the member states to negotiate a completely new trading relationship with Japan in the so-called "sensitive" areas—industries such as cars, television tubes and certain machine tools.

This would mean "trading in"

various protectionist agreements that exist between some member states and the Japanese in return for a temporary shielding of weaker European industries from the full force of Japanese competition. The Commission, which is always anxious to pay lip service to the concept of free trade, argues that the shielding should be instituted only to allow the industries in question to restructure themselves, in order to be able to face up to Japanese competition.

Undoubtedly, the most sensitive area at present is the car market, but here existing agreements limiting Japanese access to Europe highlight the Commission's dilemma. The Japanese have become adept at playing one European nation off against another. By offering concessions here and there to individual countries they weaken the chances of the Community as a whole reaching sufficient practical consensus (as opposed to pious statements of intent) to contain the Japanese threat.

In May the Council of Ministers called on the commission to discuss getting a Japanese commitment on subjecting exports of cars to the EEC to measures "analogous" to those negotiated recently by the United States. They wanted a further undertaking that there would be no diversion of cars from the United States to the EEC.

At the time Mr Cecil Parkinson, the British trade minister, said: "What we are saying to the Japanese is that there is no more room on the European market for their motor cars."

These various points are being pressed by the Commission in talks with the Japanese that will culminate in the middle of this month, with Mr Suzuki's visit, but apart from Mr Suzuki's very ambiguous statement yesterday the Japanese have given scarcely an inch.

They clearly sense that there is not enough cohesion between the member states of the EEC. The individual countries have pressed hard for bilateral agreements with Japan to have unilaterally imposed restrictions. Italy allows only a few thousand Japanese cars on to its market each year; in France the Japanese share is kept down to about 3 per cent; while in Britain Japanese car sales are limited by an agreement between the motor industries of the two countries.

### TRADE BETWEEN THE EEC AND JAPAN (Converted into £m)

Imports from Japan	
1976	3,977
1977	5,012
1978	5,795
1979	6,329
1980	7,458
Exports to Japan	
1976	1,832
1977	2,021
1978	2,474
1979	2,994
1980	2,734

The apparent fall in EEC exports to Japan in 1980 is largely a result of the strength of sterling against the European unit of account last year.

Source: Eucostat.

So when the Commission complains about Japanese inroads into the West German or Benelux car markets, the Japanese—as happened only last week—turn round and say that they cannot possibly negotiate a deal with the EEC as long as national agreements exist. Moreover, they claim that countries like Denmark, Greece and the Irish Republic are keen to keep their markets open to Japanese cars.

So far, there is no sign that the member states are anywhere near resolving the differing interests of those countries with car industries which have an agreement with the Japanese, and those without (Germany, Belgium and Holland) and those with no car industries.

Cars are the principal and most visible worry, but the problem of Europe's trade imbalance with Japan goes far wider and the Commission's difficulties in negotiating block to block agreements are aggravated by the fact that Japan can claim that Europe imposes more quantitative restrictions (a total of 70 by the various member states) on Japanese imports than Japan imposes on goods from Europe (27 in all).

That certainly looks bad. But the restrictions are in many cases anachronistic and of no commercial value, they apply, for example, to such things as meat, honey, umbrella parts, socks,

natural cork and horses), while the EEC claims that the Japanese restrictions are of importance (applying for instance, to food stuffs and leather goods).

The dispute over quantitative restrictions is linked to another important part of EEC policy, which is to get better access to the Japanese market. Here again the Commission has a hard time proving its case. Japan's average across-the-board tariff is slightly lower than the EEC's, but the Commission argues that it conceals some high peaks covering sectors of interest to the Community.

These include dairy products, biscuits and confectionery, where the Japanese tariff is between 35 and 38 per cent and whisky (68 per cent). The EEC claims that its tariff is more homogeneous and therefore more liberal.

Another big bone of contention is non-tariff barriers to trade, where the EEC claims that abnormally strict Japanese regulations (on health and the environment, for example) keep out or obstruct competing EEC products such as pharmaceuticals, agricultural chemicals and electrical appliances.

Three times over the past year (November 25, 1980 and February 17 and May 19 this year) the Council of Ministers has issued statements on trade with Japan. The May one expressed "serious concern at the present state of trade between Japan and the Community and its likely future development" and said: "It is of special importance at the current juncture:

— that the Community should emphasize once more to the Japanese authorities its preoccupations over the level and excessive concentration of Japanese exports in sensitive areas; and

— that the Japanese government should take positive steps to increase imports by Japan of Community products."

If Sir Roy Denman's experience is anything to go by—and he is the man who has to try to put flesh on to the bones of the policies outlined by the Council of Ministers and the Commission—then the EEC's pleas are falling on deaf ears.

Peter Norman and Malcolm Brown

## How EEC countries are reacting to the Japanese threat

Britain's relations with Japan have reached a critical point. The Government, while underlining its commitment to the principles of free trade, is equally wedded to a negotiated settlement through the EEC. But the clamour from recession-hit industry for a much tougher line, including import controls if necessary, is rising.

The motor cycle industry is usually disgruntled under Japanese attack and industry-to-industry bilateral deals on cars, television sets and other consumer electronic goods are bending under the continuing strain. This year Britain's trade deficit with Japan could reach £1,400m.

Pressure being exerted by industrialists on the Government to take a much tougher line is embarrassing ministers. Britain's steel industry, the main location for Japanese investment in Europe; and Nissan, Japan's leading motor manufacturer, will decide in the next few weeks whether or not to build a huge new plant in Britain.

Although imports of cars from Japan fell (in value terms) by almost 4 per cent last year, shipments of other goods rose significantly. Imports of non-ferrous metals, for example, increased by more than 634 per cent to £59.5m last year, inorganic chemicals by 86.6 per cent and metalworking machinery by 64 per cent, while "miscellaneous manufactures" recorded a 55 per cent rise, with a value of £117.5m.

Belgium has been traditionally one of the more liberal European countries in its approach to trade with Japan. This is partly because the government has been keen to attract Japanese direct investment.

It is perhaps interesting that the Belgian economics minister called in Nippon Steel to

When a country is subjected to a "trade shock"—and Japan has become expert at inflicting such shocks on most of us—then politicians become far more worried about the reactions of the domestic electorate (and such power groups as industrial associations and trade unions) than they are about appearing to be good Europeans. This is why it has become easy for Japan to treat any EEC initiative with less than urgency.

Large non-European countries, such as the United

States, have been able to wrest commitments from the Japanese on problem areas like cars (Japan has reluctantly agreed to cut back on car exports to America this year). The EEC has signally failed to get any pan-European agreements. Some small concessions have been made to individual European member states in particular industries, but Japan uses such bilateral arrangements to argue that there is "no case for global European-Japanese pacts."

It is instructive to look at the way the individual members

of the EEC face up to the Japanese onslaught. All member states subscribed to the Council of Ministers' statements of November, 1980, and February, 1981. In May this year, which urged the Japanese to moderate their exports (particularly in "sensitive" areas) and called for better access to the Japanese market. But such statements have little meaning unless they can be backed up by all member countries acting in concert. Most member states of the EEC have their own reasons for falling short of that ideal.

Commerce, went out of his way to warn the Japanese against diverting to Germany cars originally destined for America. Otherwise, he said, Germany could be swept up in protectionist policies advocated by less liberal EEC member states.

Holland, like Germany, is heavily dependent on world trade and is therefore in the free-trade camp. But Philips has been affected by Japanese inroads into the television market.

The Dutch are also likely to benefit from an eventual restraint package for car deliveries to Benelux—which weakens the EEC's hand.

Italy's trade deficit with Japan was gradually diminishing in the late 1970s. It went from 245,500m lire in 1977 to 136,100m in 1978 and 86,000m in 1979.

Then this trend was brusquely reversed by a deficit last year of 509,400m lire. Exports declined in lire terms (and even more in real terms) after 20 per cent inflation) from 650,100 lire in 1979 to 605,800m lire in 1980, while imports jumped from 736,100m lire to 1,115,200m.

The Japanese made considerable inroads into the Italian market last year with increased sales of sheet steel, machine tools, telecommunications equipment and components, and motor cycles.

For years Italy has tried to protect itself with quotas on about 50 items, of which 14, come in the electronics sector. Car imports are limited to 2,300 a year. Other restricted goods include tin-plated fish, photographic film, spun silk, bed linen, umbrellas, ceramics, steel goods, cutlery, outboard engines, sewing machines, electric motors and toys. But the overall figures show how ineffective this policy is.

The Government has not had time to work out a new policy to meet the Japanese offensive, beyond supporting maximum coordination in the European Community. At present Signor Arnaldo Forlani heads a cabinet administration and is hardly in a position to take a strong line during the visit by Mr Suzuki, the Japanese prime minister, later this month.

Barriers for Italian exports exist in specific sectors. For example, it is said in the foreign trade ministry, Japanese imports of leather footwear are subjected to a 27 per cent duty and to quotas whose size remains secret. Chemical products are restricted by special laws drawn up by the authorities.

Such barriers, officials say, will never be overcome unless the Japanese government shows a political will for genuine collaboration.

In so far as an Italian policy exists, it is much less opposed to Japan's recent reversion to investment projects than a few years ago. Much private industry remains protectionist and Fiat has been in the forefront of those who see Japanese cars as a yellow peril for Europe.

But the state-owned Alfa Romeo has under way a joint venture with Nissan for a new car to be manufactured near Naples; and it has been followed in the private sector by Signor Alessandro de Tomaso, who has gained Italian government permission to import Daihatsu engines for a new model to be assembled at his Innocenti works in Milan.

Reporters: Peter Hill (London), Peter Norman (Brussels) and John Earle (Rome)

## Business Diary: The gasman stayeth • Fraternal meetings

Energy Secretary David Howell has reappointed the two men at British Gas for further terms.

Sir Denis Rooke, the chairman, whose present contract runs to the end of this month, will now continue to 1986, a year in which he will celebrate the twentieth anniversary of his first appointment to the corporation. Similarly, deputy chairman Jack Smith has been reappointed for a two-year period.

Sir Denis, a formidable figure at present in the thick of the politicking going on over the planned gas-gathering pipeline project for the North Sea, continues to be a leading figure in the Nationalized Industries' Chairmen's Group. He was heavily involved in the negotiations to organize a new pay mechanism for the state industry chiefs and board members.

At present, the gas corporation chairman receives £48,500 a year and his deputy £35,400. Under the new system where claims are filed with individual ministers—in British Gas's case with Howell—the Treasury and Civil Service Department maintain an overall surveillance—Sir Denis and his board members will shortly be due for an increase.

● For the first time since it was established in 1957, the National Economic Development Council is to have a female member, Rachel Waterman, deputy chairman of the Consumers' Association, will attend her first meeting of the council next month. She will replace Michael



The Bennie brothers do not suffer from vertigo, which is just as well, since they have a particular relationship with the National Westminster Bank Tower, Britain's tallest structure, to be opened formally by the Queen next Thursday.

Jack (left) and Ron, pictured here on the 41st floor of the City glass, both joined NatWest in the early 1940s when they were in their teens. Today Jack is general manager of its premises division, which will run the tower, and Ron is general manager of the international banking division which occupies the building. Ron's office is on the 38th floor, while Jack

looks after NatWest's offices from another location, but both waxed lyrical about the structure yesterday.

It cost £82m in 1980 prices, exclusive of land costs of £4.1m, is 600 foot high and is believed to be the world's tallest cantilevered building. A visit to the top viewing floor, the 42nd—but revealed spectacular views of London and seven surrounding counties.

"swabbing", or how to deal with the "tectonic process" the little Phillips book has the answers—even if it is sometimes a little vague.

For instance, under "monomers the book has: 'A simple molecule unit (such as ethylene or styrene) from which a polymer can be made'."

Still, at least they are making an effort to throw a little light on one of the more misunderstood areas of our industrial life.

● Capital Radio, the London commercial station, has come up with a novel idea for selling more advertising, even if it does trust to the British weatherman for its success.

The station has arranged to receive 24-hour forecasts from the Meteorological Office at 3pm each afternoon and it will then offer advertisers special air time "packages" if the weatherman thinks that the following day's weather will reach 20 degrees Centigrade.

Keith Reynolds, Capital's marketing director, says that the target groups are those who are up and out noticeably in warm weather, such as brewers and ice cream firms.

The unusual thing about the idea is that if the Mer man reckons that the required temperature will not be reached the next day then the packages will not be broadcast and advertisers will not pay a penny. Mind you, if the weatherman gets it wrong and it rains cats and dogs, the ads still go out and have to be paid for.

David Hewson

When the Chancellor announced the Budget he succeeded in surprising the small business lobby.

The idea appeared to represent the kind of innovative thinking which campaigners had been calling for. Then a month later their hopes were dashed by the publication of the Finance Bill seventeen pages were devoted to the scheme, all of them filled with conditions and restrictions which, by common consent, rendered it unworkable.

Indeed a survey just published by the Conservatives' own Small Business Bureau reveals that 91 per cent of the top accountancy firms said they could not advise their clients to take advantage of the scheme or believed that a complete redraft was necessary.

In essence the idea is simple: individuals wishing to invest in the equity of a new business would be able to offset the investment against their income tax up to a maximum of £10,000 per year. Effectively the Government would be giving back up to £7,500 per year for every £10,000 invested. But the simple concept was

crippled in the drafting process by the desire of the Inland Revenue to prevent its becoming simply a vehicle for tax avoidance and its exclusion of retailing and wholesaling.

The latter point remains unchanged but on the technical restrictions the Treasury has now largely clamped down to meet the objections.

Effectively they had no choice. A barrage of criticism has descended on the scheme from businessmen and accountants since the publication of the Finance Bill. This barrage centred on three problems with the scheme: its complexity, its limitation and its uncertainty.

Complexity is unlikely to be alleviated by these latest changes. The scheme must cover so many eventualities and contingencies that complexity is inevitable, says the Government.

The key limitations—the exclusion of dealers in goods—remain, but in the areas of the structure of the company they have now been substantially eased.

But uncertainty still dogs the scheme. This centres on the question of clawback of the relief by the Revenue. An investor may put his money into a business which clearly qualifies as far as he and his accountants can tell. But since he cannot have control of the company he could find it taking steps beyond his control which would disqualify him for relief.

Thus a manufacturer which decided to become a dealer in goods would render its investor liable for a tax clawback of the relief he had claimed.

Some of the worst effects of this have been seen by the reduction from five to three years of the period over which clawback can be imposed but a large element of doubt persists.

It remains to be seen whether the Government has gone far enough. One key element in assessing this will be the extent to which advantage is taken of "marriage brokers" (agencies specializing in bringing together entrepreneurs and private capital) and investment clubs (where groups of investors club together to provide more substantial stakes while retaining their full individual relief under the scheme).

Bryan Appleyard



This advertisement is placed by S. G. Warburg & Co. Ltd. on behalf of Thos. W. Ward Limited

# Thos. W. Ward Limited



To the ordinary shareholders of

## TUNNEL

Accept Ward's increased offers now. These offers are final and will not be increased.

Your acceptance must be received by 3p.m. on Monday, 8th June, 1981.

Ward's offers are worth:-

- 476p\* if you accept the BASIC TERMS
- 517p\* if you exercise the SHARE ELECTION
- 435p if you exercise the CASH ELECTION

Ward's offers are the only offers for your shares—there is no offer from RTZ who in our opinion, are trying to stop Ward's offers succeeding.

### ACCEPT NOW AND PRESERVE THE VALUE OF YOUR INVESTMENT

\*Based on the middle-market for a Ward ordinary share for 128p at 11.30 a.m. on 4th June, 1981

The directors of Thos. W. Ward Limited have taken all reasonable care to ensure the facts stated and opinions expressed above are fair and accurate and they jointly and severally accept responsibility accordingly.

## FURTHER EXPANSION FOR TRING HALL SECURITIES

At the end of another highly successful year Tring Hall Securities announce an increase in profits of almost £0.5 million—as well as increased shareholders' funds, earnings per share and dividends.

Commenting on the year's progress, Chairman D.G. Hanson described these results as "very satisfactory," adding that "a flow of good business... had continued throughout the year without abatement." For the second year running the company had dealt with more equity issues than any other house operating in the London market.

The introduction of the Unlisted Securities Market in November was received with particular enthusiasm. It was, said Mr Hanson, "a major step in the development of capital markets in the United Kingdom" with new regulations enabling smaller and emergent companies to secure a market

for their shares within the Stock Exchange yet without the costs and additional requirements attending a full listing.

With just five months of the new financial year having elapsed, Tring Hall are still witnessing a consistently encouraging flow of new business and have welcomed a number of enquiries connected with applications for full Stock Exchange listing, as well as maintaining their excellent relationships with existing companies.

The increased capital base now in excess of £4 million enables the company to deal with substantially larger issues, and it is anticipated that satisfactory progress will be maintained in the current financial year.

If you would like to know more about Tring Hall Securities and the services they offer, complete and return the coupon below.

### Tring Hall Securities Limited

40 Bucklersbury London EC4N 8BD.

I would like to receive further information on Tring Hall Securities. Please send me:

☐ a copy of the Tring Hall Securities Annual Report for 1980.

☐ further information on the Unlisted Securities Market.

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## FINANCIAL NEWS

### Stock markets

## Exporters soar as pound sinks

The sharpest drop in sterling against foreign currencies for two and a half years had conflicting effects in the market yesterday.

Dollar earners and exporters likely to benefit from a low pound roared away but equities with more to fear from its weakness and worries over inflationary pressure eased to lower prices.

Predictably the worst casualty was the gilt market on fears of higher interest rates and inflation. Heavy selling started early in the morning on the news that sterling had slumped by 6.3 cents to \$1.95, leading to losses of up to £2. Jobbers reported investors moving quickly out of government securities on the now strong fears that higher interest rates are on the way.

Most leading equities were in heavy demand on the back of the boost to industry—particularly insurance brokers—and by mid-morning had firmed up to score smart gains. After a 1.2 rise to 547.9 at 10 am the FT index gathered impetus to add 4 points within an hour. By noon it was 7 up at 553.7 on the day and at 3 pm up another 1.2 before closing at 555.6, a rise of 8.9. The change on the account from last Friday is 13.1.

In the gilt market, longs were cut by £2 as investors sold on interest rate fears. After a brief rally in the afternoon they closed back down by £2. Shorts were not so badly hit, with falls of £2, and the longer end up £1. Again, a rally was short-lived and shorts closed down by up to £1.

Among the blue chip companies, those with US interests were given a long-awaited boost.

Glaxo put on 8p to 364p and Unilever scored an 11p rise to 571p. ICI drew more strength from the fall of the pound against the Deutschmark and the shares gained 6p to 290p. Rank Organisation rose 10p to 192p, Reckitt & Colman 14p to 151p, Thomas Tilling 7p to 151p, Boveri 8p to 265p and B&A Industries 8p to 368p. After results at the top end of expectations, Becham added another 6p to 205p. The previous night it had gained 9p after the announcement of the go-ahead for the new Augmentin drug. Tube Investments firmed 2p to 172p and Vickers 1p to 181p. Hanson Trust added 9p to 283p.

But the big gains came from the insurance brokers who are in the best position to profit. Brokers C E Heath advanced 15p to 271p, Willis Faber 25p to 355p and Sedgwick Forbes 13p to 144p.

Otherwise the composite insurances were firmer because of the German Allianz assault on Eagle Star on Monday. After Eagle's defence document yes-

terday, and news of a higher dividend, the shares put on 4p to 285p, but Guardian Royal Exchange rose 10p to 302p, General Accident 8p to 318p, Commercial Union 7p to 171p, Royal 13p to 396p, and Phoenix 8p to 270p.

Cautious American buying of Rothmans shares has put a mild spark into the price since the deal between Rembrandt Group and Philip Morris set the shares alight. They were 1p firmer again last night at 66p. R. J. Reynolds, thwarted bidder for Rothmans, says: "We can add nothing to our last statement." That was "No comment."

Companies reporting took rather a back seat, but jobbers are now revising future results upwards after the pound's fall. BP's results were also better than expected, and its shares firmed at one time 6p to 376p to ease back to 374p. The rights issue from Flight Refuelling left shares 4p lower at 356p but

profits in line with forecasts saw Northern Foods ahead by 6p to 172p. Lower profits, but an increased dividend, saw Century Oils dip 41p to 731p.

After poor figures on Wednesday, Comet Radiovision dropped another 10p to 146p but further consideration of good profits kept Martin the Newsagent climbing another 8p to 262p. Equity turnover for June 3 was £130.473m (bargains 14,212). Active stocks yesterday, according to the Exchange Telegraph, were: BP, Eagle Star, Becham, Reckitt and Colman, British Aerospace, Royal Insurance, Mithras, Rank Organisation, CE Heath, Racial, Unilever, Philips Lamps and Commercial Union Assurance.

Traditional options: Dealers reported quiet conditions yesterday. Calls were made in 107, Mersey Docks, 100, Kemsley, Electronic Remains, and British Land.

Traded options: A total of 1,327 contracts were arranged. BP completed 63, Commercial Union 177, Courts 13, Lasso 7 and Lario 167.

### Latest results

Company	Sales	Profits	Earnings per share	Div pence	Pay date	Year's pence
Int or Fin	18.5 (21.6)	0.28 (0.14)	2.52 (0.5)	Nil	21/8	0.1 (2.3)
Airflow (F)	1.195 (1.028)	150.6 (136.8)	13.55 (12.4)	3.5 (3.25)	21/8	6.7 (6.13)
Beecham (F)	6.772 (6.488)	355 (305)	24.8 (22.6)	2.0 (1.85)	8/9	2.6 (2.25)
BP (F)	52.18 (50.0)	1.36 (0.34)	4.5 (3.2)	— (0.5)	—	— (0.5)
Cent Oils (F)	23.6 (24.8)	1.7 (1.2)	5.6 (7.2)	3.14 (3.14)	31/7	4.3 (4.3)
Culter Guard (F)	151.57 (172.37)	2.2 (4.1)	6.0 (11.0)	2.5 (2.5)	28/8	— (7.5)
Elec Rentals (F)	42.5 (48.7)	1.13 (1.10)	0.4 (0.8)	—	—	— (7.5)
Hickson & Welch (I)	29.13 (32.5)	0.5 (3.3)	7.3 (6.14)	1.8 (1.6)	28/8	— (3.7)
Morgan Crucible (F)	362 (257)	1.44 (1.39)	—	1.0 (0.85)	13/7	3.6 (—)
Northern Foods (I)	9.27 (7.17)	0.12 (0.18)	8.37 (10.03)	2.1 (2.1)	—	3.5 (3.5)
J Sumit (I)	1.4 (1.38)	—	—	—	—	—
Utd Electronics (F)	—	—	—	—	—	—
Whittington (F)	—	—	—	—	—	—

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.428. Profits are shown pretax and earnings are net. \*—Adjusted for scrip. †—Forecast for year. ‡—First quarter. \$—Net income.

### Briefly

Trans-Oceanic Trust: Pretax profit for six months to April 30, £709,500 (£762,000) net. Assets applicable to ordinary capital £41.57m (£27.83m), and value per share 337.5p (£31.8p). Interim of 2.5p (same). A two-for-one scrip issue proposed.

Ladbroke Group: Mr Cyril Stein chairman, told annual meeting that group profits to date are satisfactory and he was confident of another good year. Shareholders have approved the formation of a new property organization in the United States and the arrangements with Mr Kurk Kilstock and his family interests.

London and Continental Advertising Holdings: Mr John Goffier, chairman, told annual meeting that company was heading for another record year's profit. Group had made a good start to year with business substantially in excess of budget.

Seafarmer and South Shields Water Co.: Offer for sale by tender of £5.5m 8 per cent redeemable preference stock, 1987. Minimum price of the issue £8 per £100 stock. Applications received for about £108,000 of stock and underwriters will be required to take up balance.

Astra Fireworks: Industrial and Commercial Finance Corporation is financing purchase of Astra Fireworks and Andrews and Page for £806,000. Purchaser is Haloberry, a new company financed by IFC and the new directors and management of Astra and Andrews and Page.

Bols Resources: Allied Irish Investment Bank says that applications for 79.3m shares were received in respect of the 12m ordinary shares offered for sale. This represents a subscription of 6.6 times the shares available.

Bremer Trust has completed arrangements with Mr R J Frost to participate in his petrol retailing business carried on through Look service stations. Look is principally engaged in the acquisition, development and operation of self service petrol stations.

## Electronic Rentals advances

By Peter Wainwright

Electronic Rentals, one of the big four television rental groups and known in the High Streets as Visionhire, did a bit better than most others expected in the year to March 31. It reported pretax profits of £14.74m against £12.22m and outside estimates of £14.5m.

At the halfway stage profits were £7.4m and shareholders were told of the impact of high interest rates, recession, and problems in camping and leisure. Redundancy costs were being written off against profits.

In the event, pretax profits were held back by a rise in depreciation of £2.6m to £46.2m and a modest advance in interest of £400,000 to £13.1m, reflect-

ing huge borrowings. Before striking pretax profits the group deducted only £78,000 against £3.73m in "exceptional" items and after tax provisions of £3m against nothing were made against "future disposal and closure loss".

The exceptional items represented the cost of streamlining acquisitions in Australia and South Africa of television rental assets. The after-tax provisions reflected losses that are expected to rise on disposing or closing Europleasure, and Dudes UK, both in leisure and industrial clothing. The two companies have lost money for years.

A divisional analysis shows that of profits before interest, exceptionals and tax of £27.9m

(against £28.6m) United Kingdom rental profits were £24.6m against £23.9m. The net cash flow, comprising profits after tax, minor losses and depreciation, rose slightly from £52.3m to £56.9m.

Electronic Rentals is a reasonably direct way into the renting of television sets and video recorders. Philips NV, the Dutch electrical giant, has around a third of the shares and the hope is that Electronic will catch up competitors who rented out Japanese video recorders before Philips had their own model on the market. This autumn also sees the launch of Philips' video disc system.

The shares hardened 2p to 114p yesterday.

## Leigh lifts dividend despite tough trading

By Peter Wilson-Smith

Leigh Interests, the Black Country waste disposal expert which is hoping to offset the impact of the recession by setting up worker co-operatives to take domestic waste disposal out of the hands of local authorities, reported a slight rise in profits from £1.10m to £1.15m in the year to March 31.

Group sales were unchanged at £21.2m, although both sales and profits fell during the second half. Second-half profits were £562,000 to £540,000 reflecting both initial losses with acquisitions and the deepening recession from last October onwards.

Mrs Joan Agar, chairman, said that results for the first two months of this year were well down, and profits for the

first six months of the year could well be lower. Despite the difficult trading climate, Leigh has still raised the final dividend from 4.81p gross to 5.43p, leaving the annual payment up by 12.6 per cent to 8.04p.

Leigh said that, following last year's £2.5m issue of convertible loan stock, it has been able to continue with its capital spending programme, which totalled £3.44m last year, and keep a strong balance sheet. Year-end bank borrowings were virtually unchanged at £1.25m. Acquisitions during 1980-81 depressed group profits by about £100,000 but following rationalization and reorganization these businesses are now trading profitably.

## RTZ increases stake in Tunnel Holdings to 9 pc

Rio Tinto-Zinc yesterday increased its stake in Tunnel Holdings to 8.9 per cent of the "B" shares, giving it 6.3 per cent of the equity vote. A spokesman reiterated RTZ's earlier statement that it has no plans to make a counter-bid for Tunnel, which is fighting a cash-and-paper offer now worth 476p, or 435p a share—2 cash bid, from rival cement manufacturer Thomas W. Ward.

RTZ's investment in Tunnel has angered Ward's board, which claims RTZ is trying to frustrate the offer for its own commercial reasons. But RTZ's intervention was welcomed earlier this week by Mr Derek Birkin, chairman of Tunnel, as support for Tunnel's efforts to board insists this does not recognize the company's true value and potential.

# BHS

Highlights from the Statement by the Chairman, Sir Jack Callard:

- Total operating expenses contained despite fixed costs escalation.
- Second half profit recovery in difficult trading conditions.
- £137 million property valuation shows £49 million surplus.
- Continued investment for growth and development.

Results (per historical cost convention)	53 weeks to 4th April 1981 £000	52 weeks to 29th March 1980 £000	Change %
Sales (inclusive of VAT)			
Merchandise	350,653	314,932	+11.3
Food	74,929	63,460	+18.1
Restaurant	26,643	22,863	+16.5
Total	452,225	401,255	+12.7
Sales (exclusive of VAT)	410,099	366,346	+11.9
Profit before taxation	39,658	41,829	- 5.2
Profit after taxation	27,806	30,761	-10.3
Dividends per ordinary share	4.5p	4.375p	
Earnings per ordinary share (historic)	13.5p	15.0p	

\*Adjusted for capitalisation issues.

## BRITISH HOME STORES



FINANCIAL NEWS

# Flight Refuelling seeks £5m for US takeover

By Catherine Gunn



Mr. Michael Cobham, chairman of Flight Refuelling.

Aircraft equipment manufacturer Flight Refuelling is to raise £5.15m in a one-for-six rights issue at 22.5p a share to pay for a United States acquisition. The shares dropped 8p to 32.1p yesterday morning after the news.

Flight Refuelling announced its plan to buy Colorado aircraft components group Stanley Aviation in April. By then it had built up a 44.3 per cent stake in the quoted United States company, at \$24 a share, the price now on offer to the rest of Stanley's shareholders. The total consideration for Stanley's capital is \$10.5m - about £5.5m at yesterday's exchange rate, of which about £2.5m has already been paid out of the existing share stake.

Stanley shareholders will meet in the first week of July. Flight Refuelling's shareholders

man of Flight Refuelling, expects the takeover to be effective from mid-July.

Stanley's profits will be consolidated from then on, and until then will be shown as associated company profits. It made \$1.5m in the year to June 30, 1980.

At Flight Refuelling, trading in the first four months of this year, to December 31, has been slightly better than a year ago, although conditions remain depressed. The board intends to recommend a total dividend of not less than 5.36p gross for the year, on the increased, post-rights issue capital. This reflects the historic dividend cover, Mr. Cobham said, and is not an indication of this year's likely profit.

Directors control roughly 26 per cent of Flight Refuelling. Overseas companies in the rights issue shares should start the next day.

Mr Michael Cobham, chair-

## United Ceramic for USM

At F. Miller (Textiles) Mr. P. Miller, chairman, says in his annual statement that growth in turnover last year was rather small but the potential for the future, given the right economic conditions, was certainly far greater. He considered the volume of the plant at full production could be nearly doubled with profitability most certainly keeping pace.

United Ceramic Distributors has issued a prospectus in connection with the placing by certain of its shareholders of 415,600 existing ordinary shares at 80p. This represents some 17 per cent of its ordinary capital. Application has been made to the Stock Exchange for the shares to be dealt in on the Unlisted Securities Market.

## Caparo sells stake in Barrow

Barrow Hepburn Group has been informed that Caparo group has sold its remaining holding of 2.74m shares. Since Caparo now owns no ordinary share in BHG, Mr. Swraj Paul, chairman of Caparo, has resigned as a director of BHG. Some 2.2m shares in BHG are now owned by the M and G Recovery Fund and London Trust Co has 55.4m (22.68 per cent).

## Airflow loss for year

Airflow Streamlines has made a loss of £282,000 for the year to February 28, against a pre-tax profit of £1.14m. Turnover went down from £21.6m to £18.6m.

The board says that both divisions continue to be affected by the current recession, particularly the production section of the manufacturing division.

The board remains confident that progress will be resumed when the economy recovers from recession.

## British Dredging closures

British Dredging, the Cardiff-based group whose chairman Mr. Fane Vernon has said he is looking for a considerable increase this year, has told shareholders that it intends to close two operations with the loss of 65 jobs.

Mr. Vernon told the group's annual meeting that it was board policy to eliminate unacceptable loss-makers and that it has decided to close or dispose of Channel Construction, Avonmouth, and its associate company, Channel Joinery.

## Guthrie holds payout despite downturn

Depressed commodity prices and losses in its British carpet interests caused 1980 pre-tax profits at Guthrie Corporation, the trading and plantation group, to fall by £3.5m to £24m. The final dividend was maintained at 30p gross, making 42.5p gross for the whole year, also the same. Earnings per share were 27.3p against 38.5p.

But for the first time in several years the corporation is striking an optimistic note. Mr. Iain Coates, the joint managing director, said that the main weight of management's mind was the reorganization of the Scottish carpet interests, which had been consistent loss makers. Pre-tax profits were struck after they lost £3m last year.

At a reorganization cost of £6m taken below the line and leading to a deficit in retained earnings, the carpet operations have been merged with Stoddard Holdings, a separate, publicly quoted Scottish carpet maker. Guthrie has 40 per cent of the reorganized company.

## Lloyds Bank has 59% of Lloyds and Scottish

Lloyds Bank announced yesterday that it now owns 59.17 per cent of Lloyds and Scottish, Britain's largest independent hire purchase group for which it launched a bid costing £145m in March.

On the day the takeover was announced, Lloyds Bank already held a 39.26 per cent stake, and launched a swift stock market operation to buy 10.5 per cent more. Together with a 0.3 per cent stake held by an associate, Lloyds Bank had control of the group by the afternoon.

Acceptances for its offer came in from holders of 10.64m shares representing 8.96 per cent of the equity. These acceptances give Lloyds Bank an acceptance level of 85.12 per

Guthrie is also discussing the sale of its minority interests in various Malaysian trading companies held by Guthrie Berhad, a Singapore registered company. Under Malaysian law foreigners cannot control trading companies and Guthrie's stake in companies it previously ran has been reduced to 30 per cent.

But plantations remain the core of the business. Guthrie Ropel, which owns 56,800 planted acres, or roughly a third of the corporation's plantation land in Malaysia, saw pre-tax profits fall from M\$28.9m to M\$24.6m.

Lower palm oil prices were the main reason for the profits decline, while rubber prices remained fairly steady. During the second half of last year, palm oil touched M\$800 a tonne, its lowest level since 1975. But the average price received by Kumpulan Guthrie, the marketing company, was M\$900 a tonne.

cent of the shares they needed to secure.

But still outstanding is the 39.26 per cent held by Royal Bank of Scotland. It is currently the subject of a takeover bid from Standard and Chartered being investigated by the Monopolies Commission. It has told Lloyds Bank that it intends to defer any action regarding its holding until the Monopolies Commission has reported and the Government has made its recommendations.

By the merger is permitted, Royal Bank of Scotland will accept the Lloyds offer in loan stock.

"In any other situation, RBS will decide whether or not to accept similar terms in the light of circumstances then prevailing", Lloyds says.

## Hickson and Welch tumbles

Sizable losses in part of its chemical division have halved the pre-tax profits of Hickson and Welch Ltd. of Cardiff, a West-Yorkshire-based group whose interests include building materials and timber preservation.

At £22m before tax, group profits for the six months to the end of March were halved from £44m in the second half of last year. But the contributions from its various divisions have changed dramatically.

A substantial loss at its timber preservation division, Hickson & Welch Ltd. of Cardiff, and a sizable loss at James Robinson & Co. mean the overall contributions from chemicals dropped from 60 per cent to 40 per cent.

Marginal improvements from the timber business, which effectively doubled its share of group profits to 50 per cent, and a slight improvement from the building materials side prevented profits from sliding still further. The group did not expect full-year profits to match last year's £6.8m.

Rickson has cut its capital spending programme from a likely £7m to £4m of which £2.8m will be spent in the UK.

The workforce in chemicals is also being cut by 10 per cent from 1,200. Although some are early retirements, redundancy payments in the first half came to £128,000. For the full year, Rickson expects total payments to reach £250,000.

Turnover for the opening half dropped from £48.7m to £42.5m. Trading profits came down from £4.9m to £2.4m. After closure costs and a lower interest charge—Hickson has kept borrowings at last September's level—profits fell to £1.93m.

## Whittington down after strike

Chesterfield-based Whittington Engineering, which makes conveyors and mechanical handling equipment for the British market, saw its pre-tax profits fall from £184,000 to £127,000. This reflects difficult trading conditions, and a strike, during its year to March 31, 1981. But the dividend has been maintained at 5p gross.

# Guthrie Corporation

## Chairman's Statement by Mr. Mark Gent, OBE

Preliminary results for year to 31 December 1980	1980 £000	1979 £000
Operating Profit:		
South East Asia	21,680	25,940
North America	5,568	5,883
Europe	(220)	295
Australia	660	421
Africa	1,566	278
	29,254	32,817
Interest	5,240	5,313
Profit before taxation	24,014	27,504
Assets attributable to ordinary shareholders	201,008	207,341
Earnings per ordinary share	27.3p	38.5p

## Highlights

1980 was a watershed in the history of the Corporation.

Among the highlights were:

- The purchase from Dunlop of Angus Fire Armour which, together with the group's existing interests in this field, makes the Corporation one of the world's largest fire protection organisations, with manufacturing activities in all five continents.
- The resolution of the Corporation's major problem in the last decade, with the merger of its Scottish carpet interests into Stoddard Holdings Limited.
- The closure of a number of other loss-making activities in the United Kingdom.
- The decision to strengthen the agricultural profit base by extending plantation operations outside Malaysia, initially in Mindanao in the Philippines and Hainan in the People's Republic of China.
- The sale by Sime Darby of their entire holding in the equity of Guthrie, ending two years of uncertainty.

Although the cost of closures and of the transfer of the Scottish carpet assets has been very heavy, the alternative was to continue to carry debilitating losses with a considerable commitment of management time.

## Results

Profit before taxation was £24.0 million in 1980, compared with £27.5 million in 1979.

For the second year running, the impact of the strength of sterling at 31 December, the date of translation of profits made in overseas territories, has been dramatic.

Had the pre-tax profits for 1980 been translated at rates ruling at 31 December 1979, they would have been approximately £26 million. In a year of recession in the industrialised world, and with substantial changes in the group's structure taking place, this may be considered to be generally satisfactory.

The Scottish carpet interests which have been merged with Stoddard Holdings, together with those operations terminated during the year or in the early part of 1981, made a loss of £3.0 million. The profit before taxation of £24.0 million is struck after deducting this loss.

Extraordinary losses, relating to the transfer of the Scottish carpet businesses and to the termination of other operations, amounted to £6.0 million.

## Dividend

An interim dividend of 9p per share was paid on 1 April 1981.

The Board's recommendation is that the final dividend should be 21p per share, making a total of 30p per share (1979: 30p). Although this would not be fully justified when considered against the results of 1980 alone, it reflects the Board's confidence in the future prospects of the Corporation.

## Taxation

The overall taxation charge includes £2.7 million of Advance Corporation Tax. The major changes which have taken place in the industrial and commercial base of the group's UK operations should lead to a progressive diminution in the cost to shareholders of this punitive tax on companies, which, like the Corporation, are primarily invested overseas.

## Current Cost Accounting

A very high proportion of the Corporation's consolidated assets and profits are located and earned outside the UK. To a significant extent appropriate local indices for cost inflation are not available as a basis for the adjustments required to produce CCA figures. Your Board has concluded that figures based on arbitrary assumptions would not have any real meaning and would be misleading. Moreover, there are also circumstances in certain territories where the publication of CCA figures could operate against the interests of shareholders.

In consequence, CCA figures have not been published with the preliminary results for 1980 and will not be included as a supplement to the annual accounts.

Your Board's decision was reached after careful consideration of all the issues involved and after extensive discussions with institutional investors, the Corporation's auditors, Deloitte Haskins & Sells, and other advisers.

Had it been feasible to produce CCA figures, the probable effect would have been a reduction in consolidated profit before taxation but an increase in consolidated shareholders' funds.

## Shareholders

Sime Darby's entire shareholding in the Corporation was transferred on 15 December 1980, principally to Permodalan Nasional Berhad (National Equity Corporation), incorporated in Malaysia, which has now become the single largest shareholder with approximately 25% of the issued ordinary shares.

I would like to take this opportunity to thank all shareholders, large and small, who have continued to support the Corporation, particularly in recent years when its independence has been threatened.

## Plantations

In the light of a substantial reduction in the price of palm oil in the second half of the year - at one stage it had fallen from a peak of over M\$1,000 per tonne to under M\$800 per tonne, the lowest level since 1976 - the results for the plantation activities were good.

As has previously been pointed out, the price of palm oil has a considerable impact on profitability in the plantation sector. The average price achieved by Kumpulan Guthrie, well over M\$900 per tonne, reflects considerable credit on the marketing organisation.

Total oil palm crops again increased, by more than 10%, with higher mature acreage primarily responsible.

The price of rubber remained stable throughout 1980, but output was somewhat lower as acreages planted to rubber were reduced.

Guthrie Ropel owns 56,800 planted acres, about one-third of the Corporation's total interests in plantation land in Malaysia. In accordance with the policy agreed with the Malaysian Government, 40% of Guthrie Ropel is owned by local investors. Reflecting the lower palm oil price achieved in 1980, Guthrie Ropel reported a reduction in profit before taxation from M\$28.9 million in 1979 to M\$24.6 million in 1980.

During 1980, Guthrie Ropel announced a joint venture with the Negri Sembilan Development Corporation to develop a 5,000 acre rubber estate at Kuala Pilah. Guthrie will be responsible for management of the estate. This is the group's first significant development of new rubber land for some time and reflects confidence in the future of natural rubber.

Although the escalation in the value of estate land in Malaysia has continued, the Board does not consider it desirable or economic to have an annual revaluation, except in circumstances where to do otherwise would be detrimental to shareholders' interests. The values included in the balance sheet are those at 31 December 1979.

My statement last year announced a joint venture in the Philippines, in partnership with the National Development Company of the Philippines, to develop 20,000 acres of oil palms at Agusan in Mindanao. By the end of 1981, just eighteen months later, well over 4,000 acres will have been planted. We are fortunate to enjoy a close and harmonious working relationship with the Government and our partners.

In October 1980 we entered into a joint venture agreement with the Overseas Chinese Enterprise Corporation and Singapore investment interests to develop 20,000 acres of oil palms on Hainan Island. The project is the first of its kind in the People's Republic of China.

The reputation of Guthrie International Plantation Services continues to grow. Its consultancy activities and management services are now in demand around the world, both for plantation development and turkey processing facilities.

These activities have been extended by the acquisition of a majority stake in Minstar Agriculture Limited, whose expertise is in the evaluation and project management of a complete range of agricultural and horticultural developments worldwide. In recent years Minstar has built up a considerable reputation for its professional approach to project analysis and management. We are pleased, therefore, to have had the opportunity to broaden the scope of our activities in this sector.

The group, which has experience in fifty territories, now has the ability to advise on and manage a total range of agro-economic development projects.

The new developments which are described above, and other projects under investigation, are designed to counterbalance the effect on plantation profits of the progressive programme of Malaysianisation agreed with the Government in Kuala Lumpur. During the period to 1980 the Corporation's participation will be reduced to 60%. The group's strategic policy is, as a minimum, to maintain profits from agro-economy, its area of greatest expertise, by extending into other territories and related activities.

## Guthrie Berhad

Guthrie Berhad increased profit before taxation from S\$10.7 million in 1979 to S\$11.1 million in 1980. Results were affected to some extent by the steady drift away from parity of the Singapore dollar and the Malaysian ringgit, which led to exchange losses, and by higher interest costs.

The company has been undergoing major changes, particularly in Malaysia, as associates not directly managed by Guthrie Berhad replace wholly-owned subsidiaries.

Discussions have begun recently which could materially affect the future development of Guthrie Berhad and its relationship to the Corporation.

## United States

The results of the Ajax group were again highly satisfactory.

While the basic business, induction furnaces - in which it is a world leader - held its own, excellent performance by some of the lesser-known subsidiaries contributed substantially. Lectrodryer, which manufactures desiccant dryers, and Control Transformer, a specialist transformer manufacturer, both had a very good year indeed.

The Ajax furnace manufacturing subsidiaries in Canada and the UK also contributed higher profits.

## Canada

With the exception of Trench Electric, which continues to improve its reputation and profitability, the second half of the year was very difficult for the Canadian companies.

Highway Trailers, in common with the trailer industry as a whole, experienced a dramatic fall-off in activity.

The auto-parts industry, which represents a substantial part of the sales of Butler Stampings and Butler Polymet, also deteriorated as the year progressed.

## Angus Fire Armour

Shareholders have been aware of the Corporation's need for a substantial tranche of UK profits if the worst deprivations of unrelieved ACT were to be avoided. However, it has been apparent that existing activities in the UK were not satisfactory for the achievement of such an objective and that an alternative base was necessary.

Guthrie's operations in fire protection overseas - in Africa, the Far East and Australia - manufacturing fire hose and fire extinguishers and selling a range of Angus products, have been successful and expanding. The Corporation consequently offered to purchase Angus Fire Armour from Dunlop and agreement was reached at the end of November 1980.

The Annual Report and Accounts will be posted to shareholders on 12 June. The Annual General Meeting will be held in London on 8 July 1981.

The Corporation now owns one of the world's largest fire protection businesses with sales approaching £50 million, having an established range of products in fire engines, fire hose, fire extinguishers, foam and foam equipment and in specialised fixed fire protection equipment for the oil and petro-chemical industries.

## Europe Carpets

In December 1980 an agreement was reached for the Scottish carpet interests of the Corporation - Templeton and Kingsmead - to be merged into the publicly-quoted Stoddard Holdings.

In consequence, Guthrie holds 39.4% of the total increased equity of Stoddard (5.22 million non-voting 'A' ordinary shares) and in addition subscribed in 1981 in cash at par for £1.5 million 7% net second cumulative preference shares.

The background is well-known. The deterioration in market conditions within the industry was severe and threatened the future of many carpet manufacturers. A joint study was undertaken with Stoddards and it was agreed that a merger of activities would be in the best interests of both groups of employees and shareholders, that it would result in a carpet manufacturer with a strong financial base and excellent management to combat the difficult trading conditions and that it would make a substantial contribution towards stabilisation of the eroding carpet industry.

The net assets of Stoddard Holdings following the merger were £14.7 million, of which £5.8 million was attributable to assets transferred by the Corporation. Although the period of transfer and rationalisation of assets will reflect the problems of dislocation in a continuing climate of difficult trading conditions, integration has gone well and great credit is due to all concerned. I am confident that an unhappy chapter in the Corporation's recent history has ended and that a new and potentially successful grouping has been achieved.

The Corporation continues to hold 100% of the equity of Kidderminster-based Woodward Grosvenor, a specialist manufacturer of carpets, which would not easily have fitted into the new Stoddard grouping.

The extraordinary loss in the Corporation's accounts, reflecting redundancy and closure costs, has been heavy. I believe that there are few shareholders who will not consider such a one-off cost to be better than the likely continuation of trading losses, with their concomitant effect on ACT, and the diversion of management time which loss-makers inevitably create.

## Trading

The UK trading businesses had a mixed year. The international Booker Merchants International has progressed smoothly and the company had a successful 1980.

By contrast, the textile trading activities suffered from a dramatic decline in demand as the recession devastated the textile industry and we have substantially withdrawn from this business. Losses on termination have been fully provided in the 1980 accounts.

## Plastics and Textiles

Following the closure of Ebonite Container and Ratcliffe Brothers, the plastics and textiles operations now comprise a smaller and more compact unit. On the whole it performed satisfactorily in a difficult year.

## Australia

Following the outright rejection by the Australian government of the Industries Assistance Commission report, which proposed for the textile industry increased quotas and a reduction in import tariffs, Palm Beach Towel has a more stable commercial basis on which to plan. It has been the mainstay of profitability for the Corporation's Australian activities in recent years and its success in 1980 has improved results overall.

Most other operations performed well, in particular Hose Makers, the group's Australian fire hose manufacturing company, but the world-wide problems of the carpet industry impacted on Tascot Templeton, which was not profitable in 1980.

## Africa

The success of the group's interests in Zimbabwe, in its first year of independence, is encouraging. Much of the increase in operating profit in Africa derived from Zimbabwe.

There have been a number of investment opportunities in the country and, where appropriate, they have been taken up. In particular, in July 1980 we acquired 18.3% of the shares of Hunyani Holdings Ltd. This has already proved a rewarding investment.

In the circumstances of an improvement in the Nigerian economy in 1980, following the return to civilian rule, the results for Guthrie (Nigeria) were disappointing.

The changed conditions in the Gulf area, following the Iran-Iraq war, resulted in an agreement for the termination of our joint venture in Dubai.

## Staff

Our thanks are again due to our staff for their excellent performance in the difficult economic conditions of 1980.

## Future Prospects

Although the economic recession in the UK appears to have flattened conditions, world-wide remain uncertain with the continuation of high interest rates in many countries and exchange rate fluctuations. Against this background the year has begun satisfactorily for the Corporation.

The elimination of loss makers, the merger of our Scottish carpet business with Stoddards and the acquisition of Angus will result in a very substantial turn round in the UK performance. For the first time in many years this region will be a material contributor to the operating profit of the group. Angus has started the year well and we are very pleased with the opportunities available internationally following this acquisition.

In North America the economies of Canada and the United States continue to be depressed, affecting in particular those businesses which are consumer-oriented. However, the two key Guthrie companies in this region - Ajax Magnethermic in the US and Trench Electric in Canada - both operating in the energy-related, high technology sectors of industry, have very substantial forward order books and can be expected to perform particularly well in 1981.

Most of the Corporation's African and Australian interests are also improving on their 1980 performances and can be expected to make a greater contribution this year.

The operating companies, which comprise the Corporation, are likely to have a good year overall, but the inconsistency in exchange rate movements makes predictions about the aggregate starting value of their profits difficult to evaluate at this stage.

However, unless there is a dramatic change in the economic circumstances affecting the Corporation's key activities, 1981 should show a substantial improvement.

## Bank Base Rates

ABN Bank	12%
Barclays	12%
BCCI	12%
Consolidated Crdts	12%
C. Hoare & Co	12%
Lloyds Bank	12%
Midland Bank	12%
Nat Westminster	12%
TSB	12%
Williams & Glyn's	12%

\* 7 day deposit on sums of £10,000 and under, 9% up to £50,000, 10% over £50,000

## Culter Guard loss tops £1m

As expected, Fife paper manufacturer Culter Guard Bridge made a pre-tax loss in the year to March 31 of £1.35m, against a profit the previous year of £337,000 that was itself a steep decline from the £787,000 made in 1978-79.

There is no dividend for the year. Trading losses from continuing operations were £347,000 against a profit a year earlier of £645,000. Losses on discontinued operations were £696,000 against profits of just £19,000.

Extraordinary debits are £2.1m, and there is a £1.69m tax credit. Group interest costs declined from £327,000 to £316,000.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 9EB Telephone 01-621 1212

## The Over-the-Counter Market

1980/81	High	Low	Company	Price	Ch'ge	Gross Div (p)	Yld %	P/E fully
76	39	Airsprung Group	71	-	4.7	6.6	11.3	35.6
52	21	Armstrong & Rhodes	48	-	1.4	2.9	19.8	45.7
200	92	Bardon Hill	200	-	9.7	4.9	7.5	12.8
104	88	Deborah Services	104	-	5.5	5.3	5.1	9.8
126	88	Frank Horsell	104	-	6.4	6.2	3.3	6.0</



Commodities

Copper was firm after a morning of volatility. The market was characterized by a series of price swings, with the price of copper ending the day at 110.50 cents per pound. The market was influenced by reports of a new contract between the International Union of Mine, Mill and Smelter Workers and the Copper Development Association.

Grain prices were mixed. Wheat prices were generally higher, while corn prices were lower. The price of wheat ended the day at 1.15 dollars per bushel, while the price of corn ended at 1.05 dollars per bushel.

Oil prices were higher. The price of oil ended the day at 15.50 dollars per barrel. The market was influenced by reports of a new contract between the American Petroleum Institute and the International Union of Marine Transport Workers.

Discount market

Very easy conditions in overnight money market, with a sharp rise in the price of money. The price of money ended the day at 1.15 dollars per 100 dollars.

Foreign exchange report

Sterling was hit by another wave of selling, with the price of sterling falling to 1.75 dollars per 100 dollars. The market was influenced by reports of a new contract between the Bank of England and the International Union of Marine Transport Workers.

Wall Street

New York, June 4.—Concerns about the interest rate outlook and the fate of the Reagan Administration's tax cut plan limited the stock market's gains, and it closed mixed after a lackluster session.

Sterling: Spot and Forward

Market rates (close)	1 month	3 months
New York	1.7500	1.7500
London	1.7500	1.7500
Frankfurt	1.7500	1.7500
Paris	1.7500	1.7500
Brussels	1.7500	1.7500
Amsterdam	1.7500	1.7500
Copenhagen	1.7500	1.7500
Dublin	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500

Other Markets

Market rates (close)	1 month	3 months
Australia	1.7500	1.7500
Bahamas	1.7500	1.7500
Bahrain	1.7500	1.7500
Barbados	1.7500	1.7500
Belize	1.7500	1.7500
Bermuda	1.7500	1.7500
Bhutan	1.7500	1.7500
Bolivia	1.7500	1.7500
Bosnia	1.7500	1.7500
Brazil	1.7500	1.7500
Brunei	1.7500	1.7500
Bulgaria	1.7500	1.7500
Burkina Faso	1.7500	1.7500
Burundi	1.7500	1.7500
Cambodia	1.7500	1.7500
Cameroon	1.7500	1.7500
Canada	1.7500	1.7500
Cape Verde	1.7500	1.7500
Cayman Islands	1.7500	1.7500
Central Bank of America	1.7500	1.7500
Chad	1.7500	1.7500
Chile	1.7500	1.7500
China	1.7500	1.7500
Cote d'Ivoire	1.7500	1.7500
Croatia	1.7500	1.7500
Cuba	1.7500	1.7500
Cyprus	1.7500	1.7500
Czech Republic	1.7500	1.7500
Dominican Republic	1.7500	1.7500
Dominica	1.7500	1.7500
DRC	1.7500	1.7500
Ecuador	1.7500	1.7500
Egypt	1.7500	1.7500
El Salvador	1.7500	1.7500
Equatorial Guinea	1.7500	1.7500
Eritrea	1.7500	1.7500
Ethiopia	1.7500	1.7500
Fiji	1.7500	1.7500
Finland	1.7500	1.7500
France	1.7500	1.7500
Gabon	1.7500	1.7500
Gambia	1.7500	1.7500
Germany	1.7500	1.7500
Ghana	1.7500	1.7500
Greece	1.7500	1.7500
Guatemala	1.7500	1.7500
Haiti	1.7500	1.7500
Honduras	1.7500	1.7500
Hungary	1.7500	1.7500
Iceland	1.7500	1.7500
India	1.7500	1.7500
Indonesia	1.7500	1.7500
Iran	1.7500	1.7500
Ireland	1.7500	1.7500
Israel	1.7500	1.7500
Italy	1.7500	1.7500
Jamaica	1.7500	1.7500
Japan	1.7500	1.7500
Jordan	1.7500	1.7500
Kazakhstan	1.7500	1.7500
Kenya	1.7500	1.7500
Korea	1.7500	1.7500
Kuwait	1.7500	1.7500
Laos	1.7500	1.7500
Latvia	1.7500	1.7500
Lebanon	1.7500	1.7500
Lesotho	1.7500	1.7500
Liberia	1.7500	1.7500
Lithuania	1.7500	1.7500
Madagascar	1.7500	1.7500
Malawi	1.7500	1.7500
Malaysia	1.7500	1.7500
Maldives	1.7500	1.7500
Mali	1.7500	1.7500
Malta	1.7500	1.7500
Mauritania	1.7500	1.7500
Mauritius	1.7500	1.7500
Mexico	1.7500	1.7500
Moldova	1.7500	1.7500
Mongolia	1.7500	1.7500
Montenegro	1.7500	1.7500
Morocco	1.7500	1.7500
Mozambique	1.7500	1.7500
Nicaragua	1.7500	1.7500
Niger	1.7500	1.7500
Nigeria	1.7500	1.7500
North Macedonia	1.7500	1.7500
Oman	1.7500	1.7500
Pakistan	1.7500	1.7500
Panama	1.7500	1.7500
Paraguay	1.7500	1.7500
Peru	1.7500	1.7500
Philippines	1.7500	1.7500
Poland	1.7500	1.7500
Portugal	1.7500	1.7500
Romania	1.7500	1.7500
Russia	1.7500	1.7500
Rwanda	1.7500	1.7500
Saudi Arabia	1.7500	1.7500
Senegal	1.7500	1.7500
Seychelles	1.7500	1.7500
Sierra Leone	1.7500	1.7500
Singapore	1.7500	1.7500
Slovakia	1.7500	1.7500
Slovenia	1.7500	1.7500
South Africa	1.7500	1.7500
South Korea	1.7500	1.7500
Spain	1.7500	1.7500
Sri Lanka	1.7500	1.7500
St. Kitts	1.7500	1.7500
St. Lucia	1.7500	1.7500
St. Vincent	1.7500	1.7500
Sweden	1.7500	1.7500
Switzerland	1.7500	1.7500
Taiwan	1.7500	1.7500
Tanzania	1.7500	1.7500
Togo	1.7500	1.7500
Tonga	1.7500	1.7500
Tunisia	1.7500	1.7500
Turkey	1.7500	1.7500
Turkmenistan	1.7500	1.7500
Uganda	1.7500	1.7500
Ukraine	1.7500	1.7500
United Kingdom	1.7500	1.7500
United States	1.7500	1.7500
Uruguay	1.7500	1.7500
Uzbekistan	1.7500	1.7500
Venezuela	1.7500	1.7500
Vietnam	1.7500	1.7500
Yemen	1.7500	1.7500
Zambia	1.7500	1.7500
Zimbabwe	1.7500	1.7500

More world trade in wheat expected

The International Wheat Council (IWC) has increased its estimate of world trade in wheat and wheat flour in 1981-82 (July-June) to 90m to 95m tonnes from an end of April estimate of 89m to 94m tonnes.

Indices

Index	Value
Sterling	1.7500
US dollar	1.7500
Canada dollar	1.7500
Swiss franc	1.7500
Japanese yen	1.7500
Deutsche mark	1.7500
French franc	1.7500
Italian lira	1.7500
Spanish peseta	1.7500
Portuguese escudo	1.7500
Belgian franc	1.7500
Dutch guilder	1.7500
Irish pound	1.7500
Irish dollar	1.7500

Dollar Spot Rates

Market rates (close)	1 month	3 months
New York	1.7500	1.7500
London	1.7500	1.7500
Frankfurt	1.7500	1.7500
Paris	1.7500	1.7500
Brussels	1.7500	1.7500
Amsterdam	1.7500	1.7500
Copenhagen	1.7500	1.7500
Dublin	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500

Money Market Rates

Market rates (close)	1 month	3 months
New York	1.7500	1.7500
London	1.7500	1.7500
Frankfurt	1.7500	1.7500
Paris	1.7500	1.7500
Brussels	1.7500	1.7500
Amsterdam	1.7500	1.7500
Copenhagen	1.7500	1.7500
Dublin	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500

Breedon agrees land sale

Breedon and Cloud Hill Lime Works has agreed to sell 349.70 acres of agricultural land (let for £8,774 per annum) for £350,000 payable in cash on completion, which is expected to take place on June 5.

EMS Currency Rates

Market rates (close)	1 month	3 months
New York	1.7500	1.7500
London	1.7500	1.7500
Frankfurt	1.7500	1.7500
Paris	1.7500	1.7500
Brussels	1.7500	1.7500
Amsterdam	1.7500	1.7500
Copenhagen	1.7500	1.7500
Dublin	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500

Euro-Deposits

Market rates (close)	1 month	3 months
New York	1.7500	1.7500
London	1.7500	1.7500
Frankfurt	1.7500	1.7500
Paris	1.7500	1.7500
Brussels	1.7500	1.7500
Amsterdam	1.7500	1.7500
Copenhagen	1.7500	1.7500
Dublin	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500

Gold

Market rates (close)	1 month	3 months
New York	1.7500	1.7500
London	1.7500	1.7500
Frankfurt	1.7500	1.7500
Paris	1.7500	1.7500
Brussels	1.7500	1.7500
Amsterdam	1.7500	1.7500
Copenhagen	1.7500	1.7500
Dublin	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500

US Commodities

Market rates (close)	1 month	3 months
New York	1.7500	1.7500
London	1.7500	1.7500
Frankfurt	1.7500	1.7500
Paris	1.7500	1.7500
Brussels	1.7500	1.7500
Amsterdam	1.7500	1.7500
Copenhagen	1.7500	1.7500
Dublin	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500

Wall Street

Market rates (close)	1 month	3 months
New York	1.7500	1.7500
London	1.7500	1.7500
Frankfurt	1.7500	1.7500
Paris	1.7500	1.7500
Brussels	1.7500	1.7500
Amsterdam	1.7500	1.7500
Copenhagen	1.7500	1.7500
Dublin	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500

Authorized Units, Insurance & Offshore Funds

Market rates (close)	1 month	3 months
New York	1.7500	1.7500
London	1.7500	1.7500
Frankfurt	1.7500	1.7500
Paris	1.7500	1.7500
Brussels	1.7500	1.7500
Amsterdam	1.7500	1.7500
Copenhagen	1.7500	1.7500
Dublin	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500
Stockholm	1.7500	1.7500
Oslo	1.7500	1.7500
Gothenburg	1.7500	1.7500



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RECENT ISSUES		Closing Price
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BOT 9% Caw Univ 1991-5 (P22)		100 prem
Intatrust 10% ord		95
Intatrust 10% ord		95
Leads (C) 13% Red Pst L 2000-05 (100s)		100 prem
Leads (C) 13% Red Pst 1995 (137s)		100 prem
Lib Ship Prod 9% Caw 1994-93 (100s)		100 prem
Murray Tech 20% ord Lib		100
Murray Technology 20% ord Lib		100
Northwest Water 7% Red Pst (137s)		100 prem
Palcom 10% ord		100
Swansea (C) 13% Red Pst (137s)		100 prem
Swansea (C) 13% Red Pst 2000 (139s)		100 prem
Treasury 2% Index Linked 1996 (1s)		100-1/4

SIGMA'S ISSUES	Latest date of issue	Price
Armed Irish Bond (181s)	July 18	12% prem-1/4
Amal Power (190s)	July 18	12% prem-1/4
Broken Hill (194s)	July 30	12% prem-1/4
Cadbury Schweppert (79s)	July 3	9 prem
Chadwell (194s)	July 3	12% prem-1/4
Fire Arv Dev (15s)	Aug 11	12% prem-1/4
GLC (250s)	Aug 24	12% prem-1/4
Grain Trade (205s)	July 24	12% prem-1/4
ICI (10s)	July 24	10% prem
Marine Ltd (120s)	July 24	20% prem

Issue price in parentheses. © Eir Dividend.

\* Issued by tender. \* Nil paid. \* 150 paid. \* 120 paid. \* Fully paid. \* 140 paid. \* 130 paid. \* 150 paid. \* 120 paid.



**By Catherine Gunn**

## Ladbroke optimistic

## Century Oils slips,

## Profits halved at Veba oil offshoot

Despite the further deterioration in 1981, the company should still be able to pay a dividend to its parent on this year's results, he added. Veba Oel transferred 49.9% of its 1980 earnings to its parent. Oschmann said oil price increases decided by OPEC had

Trading in Union Bank shares on the Hongkong Stock Exchange was suspended immediately after the announcement.

Carrian said the purchase represented its continued policy of diversification in long-term investment.

Mr Redwine said the trust turned the matter over to counsel with instructions to take appropriate legal action.

**LORD DIPLOCK** said that the appeal arose under section 21(1)(a) of the Arbitration Act, 1950, in an arbitration between the claimants (Lourho) and the respondents (Shell and BP). Lourho claimed on the facts alleged to recover damages in excess of £100m against the oil companies who contended that

From the beginning of December, 1965, no further oil was shipped to Beira by any of the participating oil companies and the pipeline remained unused throughout the UDL period, so that Louro received no fees under the shippers' agreement for transporting oil, and no return on its investment in the pipeline.

It was well settled in *Cutler v Wandsworth Stadium Ltd* ([1949] AC 398) that the question when the legislation which made persons guilty of criminal offences liable also in a civil action for damages at the suit of any person who thereby suffered loss or damage was a question of construction

Equally plainly they did not create any public right. On the contrary, what they did was to withdraw a previously existing right of citizens of, and companies incorporated in, the United Kingdom to trade with Southern Rhodesia in crude oil and petroleum products.

The civil tort of conspiracy, during its chequered history, had attracted more academic controversy than success in practical application.

**Solicitors: Cameron Markby, Glaughtier & May, Linklaters & Paines.**

request, the committee was authorized to deal with any matter requiring urgent attention during the period of March 31, 1974.

Secured on March 18, 1974 he met Mr. Elderfield, secretary and chief executive of the association, and attended the sealing of a contract for the building of the flats for the compliance with the standing order.

Mr. Burnett submitted that a local authority must authorize a contract to be entered into by it and an agent could not bind it to a contract to which it had not agreed; and that the contract was invalid at common law.

If Mr. Merson had made the contract with the association in his own name, he would have been liable, he would

tion clause had been added to that document. The affixing of the seal appeared on the face of the document to have been done in the presence of the chairman of the council and its clerk, in that their signatures were written alongside the seal in the spaces provided for them, with statement that the seal had been affixed in their presence. In fact neither the affixing of the seal nor the signatures of the council's seal were the

The appeal was allowed with costs to the local authority, and a declaration was made that there was no express contract.

**Solicitors: Sharpe Pritchard & Co; Whitehouse, Gibson & Co; Solicitors for McMorran, Coalville, & District.**

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